

## SENATE

WEDNESDAY, FEBRUARY 25, 1942

(Legislative day of Friday, February 13, 1942)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Reverend Theodore Otto Wedel, canon chancellor, Washington Cathedral, Washington, D. C., offered the following prayer:

O God, our help in ages past, our hope today and forever, have mercy upon all who fear Thy name in this hour of history. Pity our blindness, our fear, our halting hope, our faltering courage. Deliver us from lust for power, and from ignoble hatred, yet give us strength of will and heart to do the right, even on fields of battle, as we, in humility and trust, see that right. Keep us unstained from pride and the desires of domination, yet strong in the might of Thy mysterious purpose. Protect all who serve this Nation in selfless service. And bring us speedily to the harbor of a righteous peace and to the restored covenant of Thy law among nations. We ask it through Jesus Christ, our Lord. Amen.

## THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, February 24, 1942, was dispensed with, and the Journal was approved.

## MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On February 21, 1942:

S. 1133. An act to authorize the transfer of lands from the United States to the Maryland-National Capital Park and Planning Commission under certain conditions, and to accept title to another tract to be transferred to the United States;

S. 1521. An act to provide that the Navy ration may include canned or powdered or concentrated fruit or vegetable juices;

S. 1526. An act to provide decentralization of the issuance of orders authorizing the payment of travel expenses in connection with the transfer of civilian employees from one station to another; and

S. J. Res. 133. Joint resolution amending section 7 of the Neutrality Act of 1939.

On February 23, 1942:

S. 1630. An act to provide for the advancement on the retired list of certain officers of the United States Navy and Marine Corps.

On February 24, 1942:

S. 1368. An act relating to lands of the Klamath and Modoc Tribes and the Yahooskin Band of Snake Indians.

## CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Ellender	Norris
Austin	Gerry	Nye
Bailey	Gillette	O'Daniel
Ball	Glass	O'Mahoney
Bankhead	Green	Radcliffe
Barbour	Guffey	Reed
Barkley	Gurney	Reynolds
Bilbo	Hayden	Rosier
Bone	Herring	Russell
Brewster	Hill	Schwartz
Brown	Holman	Smathers
Bulow	Hughes	Stewart
Bunker	Johnson, Calif.	Taft
Burton	Johnson, Colo.	Thomas, Idaho
Butler	Kilgore	Thomas, Okla.
Byrd	La Follette	Tobey
Capper	Langer	Truman
Caraway	McCarran	Tunnell
Chavez	McKellar	Tydings
Clark, Idaho	McNary	Vandenberg
Clark, Mo.	Maloney	Van Nuys
Connally	Maybank	Wallgren
Danaher	Mead	Walsh
Davis	Millikin	Wheeler
Downey	Murdock	White
Doxey	Murray	Wiley

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] and the Senator from South Carolina [Mr. SMITH] are absent from the Senate because of illness.

The Senator from Louisiana [Mr. OVERTON] is unavoidably detained.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Georgia [Mr. GEORGE], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Arizona [Mr. MCFARLAND], the Senator from Arkansas [Mr. SPENCER], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent as a result of injuries and illness.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent because of illness.

The Senator from Illinois [Mr. BROOKS], the Senator from Massachusetts [Mr. LODGE], and the Senator from Indiana [Mr. WILLIS] are unavoidably absent.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

## PETITION AND MEMORIAL

Petitions, etc., were laid before the Senate or presented, and referred as indicated:

By the VICE PRESIDENT:

A telegram in the nature of a memorial from R. M. Streibel, chairman of a convention of the Wells County (N. Dak.) Non-Partisan League, on behalf of that organization, remonstrating against the consideration of certain charges brought against the Senator from North Dakota [Mr. LANGER], and favoring dismissal of the proceeding involving the right of that Senator to his seat in the Senate; ordered to lie on the table.

By Mr. CAPPER:

The petition of members of Russell Blackburn Unit, No. 123, American Legion Auxiliary, of Strong City, Kans., praying for the enactment of the bill (H. R. 4) to provide more adequate compensation for certain dependents of World War veterans, and for other purposes; to the Committee on Finance.

## PROHIBITION OF LIQUOR SALES AND SUPPRESSION OF VICE AROUND MILITARY CAMPS—PETITION

Mr. REYNOLDS. Mr. President, I have before me a letter in the nature of a petition which I read:

HON. ROBERT R. REYNOLDS,

Chairman, Senate Military

Affairs Committee, Senate

Building, Washington, D. C.

DEAR SENATOR REYNOLDS: At a union meeting held at the Methodist Church in Louisa, Va., on Sunday, January 18, the congregation voted to request the pastors present to write to you, stating that it appealed to Congress to pass protective legislation for our soldiers from the liquor and vice traffics similar to that passed in 1917. It respectfully requests that this action be read by you on the floor of the Senate and that it be made a part of the CONGRESSIONAL RECORD.

H. F. TURNER,

Pastor, Methodist Church.

R. CARTER RANSOME,

Pastor, Baptist Church.

The VICE PRESIDENT. The letter presented by the Senator from North Carolina will lie on the table.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WALLGREN, from the Committee on Public Lands and Surveys:

H. R. 4336. A bill to accept the cession by the State of Washington of exclusive jurisdiction over the lands embraced within the Olympic National Park, and for other purposes; without amendment (Rept. No. 1133).

By Mr. WILEY, from the Committee on Claims:

H. R. 962. A bill for the relief of Multnomah County, Oreg.; without amendment (Rept. No. 1134).

By Mr. ELLENDER, from the Committee on Claims:

H. R. 4665. A bill for the relief of Harry Kahn; with an amendment (Rept. No. 1135); H. R. 5605. A bill for the relief of Lt. Col. J. B. Conmy; without amendment (Rept. No. 1136); and

H. R. 5646. A bill for the relief of Joseph Simon, lieutenant commander (SC), United States Navy, and R. D. Lewis; without amendment (Rept. No. 1137).

By Mr. TUNNELL, from the Committee on Claims:

S. 2187. A bill for the relief of Tom G. Irving; Thomas G. Irving, Sr.; J. E. Irving; Mata D. Irving; L. T. Dale; and Amelia Dale; without amendment (Rept. No. 1138); and

H. R. 5473. A bill for the relief of Allene Ruhlman and John P. Ruhlman; with amendments (Rept. No. 1139).

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

H. R. 1793. A bill to authorize mailing of small firearms to officers and employees of enforcement agencies of the United States; without amendment (Rept. No. 1140).

## PROBLEMS OF SMALL BUSINESS—ADDITIONAL REPORT OF A COMMITTEE AND BILL REPORTED (PT. 3 OF REPT. NO. 479)

Mr. MURRAY. Mr. President, I ask unanimous consent to file an additional report from the special committee appointed by the Senate under Senate Resolution 298, Seventy-sixth Congress, to study and survey the problems of small-business enterprises. The report, No. 479, part 3, relates specifically to the effect of the recent freezing and rationing orders of the Government and to the conferences held by the Committee on Small Business Problems on January 9, 1942, and presents recommendations to aid small-business enterprises in meeting the impact of these orders which I have mentioned.

The VICE PRESIDENT. The report will be received and printed, under the rule.

Mr. MURRAY. Mr. President, in connection with this report which I have just submitted, I desire to say that the Senate Committee on Small Business Problems, of which I am chairman, has for the past 8 weeks conducted extensive studies into the problems of small-business enterprises which have arisen out of the orders promulgated by our Government freezing stocks of merchandise and directing the rationing of articles and commodities during the war emergency period.

The serious threat of ruin and bankruptcy to small-business enterprises, brought about by Government rationing orders, reached a dramatic climax in January with the decision of the Government to convert the entire automobile-manufacturing industry to the production of munitions of war and to freeze the stocks of new passenger automobiles and light trucks in the hands of distributors wherever they were found on January 1.

As a result of these freezing orders our committee received hundreds of telegrams from independent automobile and truck dealers throughout the Nation. Likewise, scores of telegrams and letters of similar nature were directed to the attention of every Member of the United States Senate and House of Representatives. On January 5 the then president, L. Clare Cargile, and the executive vice president, Ray Chamberlain, of the National Automobile Dealers Association, personally called upon me on behalf of the thousands of dealers and their employees which this association represents. I immediately consulted with the members of the Small Business Committee and, upon their advice, I called a conference for January 9 between the committee, Mr. Leon Henderson, Administrator of the Office of Price Administration, and the officers and executive committee of the dealers' association.

The purpose of the conference was twofold. First, our committee believed it was the best possible way to enable the representatives of the automobile dealers to present their problems arising out of the freezing order to the Price Administrator, and to enable the Administrator and his assistants to have the advice of the automobile dealers as to how to draft such rationing and pricing plans so as to result in the least possible injury to the dealers. Second, we wished to determine whether or not there was need for national legislation on the subject. As a measure of the interest in and importance of this conference, I cite the fact that, in addition to those I have named, the conference was attended by a total of 36 Members of the Senate and a scattering representation from the membership of the House of Representatives.

Before proceeding further with a discussion of these matters and the report and legislative recommendations of our committee, I deem it proper to refresh your memory regarding the action of the Government preceding the conference called by your committee, which I have just mentioned.

On January 1, 1942, Donald M. Nelson, then Director of Priorities of the Office

of Production Management, issued Order L-2-f, restricting the sale and delivery of passenger automobiles, and Order L-3-e, further restricting the sale and delivery of light motortrucks for the period January 1 to January 15, 1942. The immediate effect of these two orders was to freeze every new passenger automobile and light motortruck then in the hands of automobile and truck manufacturers, wholesalers, and retailers. The purpose of these orders was to temporarily freeze new automobiles and trucks until such time as the Price Administrator could work out fair and equitable rationing and pricing policies on such automobiles and trucks, in anticipation of the fact that the Government proposed to entirely curtail their manufacture and bring about the conversion of the automobile manufacturing industry to the manufacturing of munitions of war. Subsequently thereto, the freezing order was extended until February 2, 1942.

Within this latter period the Office of Price Administration issued Rationing Order No. 2, restricting the sale of new automobiles to those persons who can show a need related to the public interest. The Office of Price Administration shortly thereafter issued a second order establishing maximum wholesale and retail prices for new passenger automobiles as a measure of coordination with the rationing program. This order is known as Price Schedule No. 85 and deals exclusively with new passenger automobiles.

The immediate effect of the January 1 freezing order, and the conversion of the automobile-manufacturing industry to war production struck the more than 44,000 automobile dealers of the Nation and their half million employees a sudden and terrific blow. The ultimate result of the impact of the order presented to these dealers the specter of bankruptcy and ruin.

Mr. President, it is the opinion of our committee that the conference and the result of its subsequent studies clearly demonstrate that there is need for legislative action if thousands of dealers in articles and commodities whose stocks are thus frozen and rationed are to be saved from ultimate bankruptcy. Our committee is of the opinion that legislative steps should be immediately taken to remedy, insofar as possible, the hardships which are incurred by dealers whose possibility of survival is seriously impaired by Government rationing orders; and that such legislation should be made general enough in terms so as to cover not only the difficulties of the 44,000 automobile dealers of the country but all firms and businesses which might at any time be similarly affected by Government action of this nature.

In order that our committee's recommendations for legislation to this end might be based on as thorough an investigation and study as possible, I met with more than 2,500 automobile dealers assembled in convention in Chicago between the dates of January 18 and 22, 1942. At that time I personally conferred with many of the dealers and with the board of directors of their association, as well as with its executive officers

and legal counsel. In addition, all the members of our committee have given independent consideration and study to the drafting of such legislation. We have consulted many other sources as to the effect of similar rationing orders upon small businesses of all descriptions and kinds. The legislation which we now propose to the Congress represents the result of all of these studies and conferences.

Our committee has found that the damaging effect of such rationing orders lies in two directions.

First, impossible burdens are now placed upon dealers where rationing orders compel them to carry substantial investments and inventories of their affected articles and commodities over a long period of months. For the present our legislative recommendation confines itself to the alleviation of these financial burdens upon the dealers.

Second, where the livelihood and income of dealers is substantially imperiled by such rationing orders, the effect upon their ability to meet the conditions imposed upon them by long-term leases, mortgages, and other similar forms of obligations is a serious one. Our committee has before it now a draft of a bill proposing certain forms of relief from the burden of these types of obligation. There are serious questions raised as to the constitutionality of such legislation. We are conducting further studies on this question and will have a legislative recommendation to make to the Congress just as soon as we feel that this legislation is reasonably secure from attack on constitutional grounds.

Before referring to the bill which our committee proposes, I would like to digress for a moment to say that in addition to this proposed legislation we have found that there are certain additional means of relief to dealers:

First. Where the Administrator of the Office of Price Administration promulgates freezing orders, he has the power to ameliorate the blow of such orders upon dealers in the terms and conditions which he may lay down in his subsequent rationing and pricing orders.

Second. The Reconstruction Finance Corporation has already established a fund of \$100,000,000 from which to make loans to automobile retailers and wholesalers to enable them to carry their investment in some 204,000 automobiles which have been manufactured since January 1.

Third. The President is considering plans for temporary relief to employees of all firms and industries whose businesses are seriously curtailed by reason of Government freezing and rationing orders.

I desire now to explain briefly the bill which I am about to submit on behalf of our committee.

Under the terms of the bill relief is not confined exclusively to dealers in automobiles and light trucks, of whom I have already spoken. It is intended to provide relief for all dealers in articles or commodities rationed under the authority of the United States when it is evident that substantial burdens of the carrying and warehousing of such inventories will be



imposed upon the said dealers for a period of 6 months or longer. Any such dealer may request a loan from or ask that the Reconstruction Finance Corporation purchase outright any or all of such inventories. When such requests are made to the Reconstruction Finance Corporation, it is required to make such loans or to purchase such commodities only in the case that the principal business of such dealers consists of dealing in and servicing the rationed articles or commodities. Such purchases and loans shall be made on a basis which will enable any such dealer to secure for the rationed article or commodity an amount not less than its prime cost to him, incurred in the ordinary course of trade or business, plus a reasonable allowance for transportation costs, storage, handling, servicing, insurance, carrying charges, and other expenses incurred by the dealer in connection with the carrying of his inventory and the protecting and preserving of such articles or commodities in first-class condition.

The Reconstruction Finance Corporation may prescribe such additional terms and conditions with respect to the said purchases and loan as it deems to be necessary and consistent with the purposes of this bill, except that the R. F. C. shall not be required to make purchases or loans on any article or commodity which is not in a salable condition or which has suffered substantial damage or deterioration as a result of neglect or lack of proper care on the part of the dealer.

The Reconstruction Finance Corporation is authorized to sell at public or private sale, with or without competitive bidding, any article or commodity which it may acquire under the terms of the bill. However, until the expiration of 1 year and 30 days after the beginning of the rationing period of such article or commodity, the R. F. C. shall make no such sale except to a dealer in the article or commodity. If the sale is made to any other department or agency of the Government, such department or agency may pay for the article or commodity any price not in excess of a fair retail market price as of the date of such sale. The R. F. C. may make such agreements or arrangements as are necessary and appropriate for carrying out the purposes of the bill, including agreements to pay to those from whom it acquires articles or commodities a portion of the proceeds realized by the R. F. C. from their sale.

Under the terms of this bill any article or commodity shall be deemed to be rationed whenever its sale to the general public in the ordinary course of trade or business has been restricted or prohibited by any regulation or order promulgated by the Government to aid in the more effective prosecution of the war, or for the purpose of conserving the supply of such article or commodity.

The bill is intended to protect credit agencies furnishing credit to dealers in such commodities under the same terms and conditions as to the dealers themselves.

In the event that the Government rationing plan does not permit the complete sale of frozen stocks to the people entitled to purchase them under the rationing plan within 1 year of the be-

ginning of the rationing period, then at the end of the year the dealer shall have the right to sell any or all of his remaining stock of rationed goods on hand to the Reconstruction Finance Corporation at a fair retail price plus a reasonable allowance for transportation costs, storage, handling, servicing, insurance, carrying charges, and other expenses incurred by the dealer in connection with such article or commodity.

Therefore, under the terms of the bill, any dealer whose principal business is in the rationed commodity may liquidate his stock within the year to the Reconstruction Finance Corporation at his wholesale price plus the cost of handling, or at the end of the 1-year rationing period at a fair retail price plus his cost of handling.

Mr. President, from the Special Committee to Study and Survey Problems of American Small Business Enterprises, on behalf of myself and the members of our committee, the Senator from Connecticut [Mr. MALONEY], the Senator from Louisiana [Mr. ELLENDER], the Senator from New York [Mr. MEAD], the Senator from Tennessee [Mr. STEWART], the Senator from Kansas [Mr. CAPPER], and the Senator from Ohio [Mr. TAFT], I report a bill, which I have described, and ask that it be appropriately referred.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

The bill (S. 2315) for the relief of dealers in certain articles or commodities rationed under authority of the United States, which was read twice by its title and referred to the Committee on Banking and Currency.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BROWN:

S. 2309. A bill for the relief of the First National Bank of Huntsville, Tex.; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

S. 2310. A bill for the relief of Roy Chandler; and

S. 2311. A bill to correct the military record of Joseph Narewski; to the Committee on Military Affairs.

By Mr. MALONEY:

S. 2312. A bill to amend the Nationality Act of 1940; to the Committee on Immigration.

By Mr. BARKLEY:

S. 2313. A bill for the relief of Mrs. Anna Gallagher Peak, widow of Capt. John Peak, deceased; to the Committee on Claims.

By Mr. McKELLAR:

S. 2314. A bill to provide that officers and employees of any department or agency of the Government who are no longer necessary for the performance of the functions of such department or agency shall be transferred, without the loss of any rights under the civil-service laws, to other positions in the Government service or given a preference with respect to such positions; to the Committee on Civil Service.

#### CONSOLIDATION OF POLICE AND MUNICIPAL COURTS OF THE DISTRICT—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the bill (H. R. 5724) to consolidate the police and municipal courts of the District of Columbia, and for other pur-

poses, which was referred to the Committee on the District of Columbia and ordered to be printed.

#### CONSOLIDATION OF HOUSING AGENCIES

Mr. TAFT. Mr. President, I have often had occasion on the floor to criticize the housing set-up of the Federal Government. I have frequently recommended the consolidation of the housing agencies. I wish to say that I cannot praise too highly the action of the President yesterday in consolidating all the housing agencies under one housing administrator and appointing Mr. Blandford as the head of the housing administration. Some 17 housing agencies have been consolidated. The problem is a single problem, and it should long ago have been dealt with under a single head.

Mr. Blandford, whom I happen to know, was assistant city manager of Cincinnati at one time. He has been the executive officer of the Tennessee Valley Authority and Assistant Director of the Bureau of the Budget. I know that he approaches this task with a real administrative ability, with a completely open mind as to the different kinds of housing, with willingness to give a fair judgment to all the different plans that have been urged and presented by different bureaus. I feel confident that in the action taken yesterday we are starting on a systematic and unified approach to the housing problem.

Only this week our committee has seen the confusion which is involved. Yesterday we had before us representatives of five or six different housing agencies, trying to get them to agree on a program for the District of Columbia, and agreement was reached finally by everyone agreeing that his particular project should go into the general plan, thereby raising the cost about 40 percent over the original plan.

Mr. President, I hope that Mr. Blandford may go on now to a complete study of the entire housing program, so that we may develop not only a proper defense building program but also a permanent Government plan for dealing with the housing situation during the next 20 or 30 years. I have often been critical of the President, and I am all the more pleased to praise the action which he took yesterday.

#### WASHINGTON AND FREEMASONRY—ADDRESS BY SENATOR CONNALLY

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD a radio address delivered by Senator CONNALLY on February 22, 1942, on the subject Washington and Freemasonry, which appears in the Appendix.]

#### RELATION OF FARM INCOME TO FACTORY PRODUCTION—ADDRESS BY SENATOR DAVIS

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address entitled "United We Stand," delivered by Senator DAVIS during the National Grange hour, in New York City, December 20, 1941, which appears in the Appendix.]

#### DISPOSITION OF AGRICULTURAL COMMODITIES BY COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 2255) to establish a policy with respect to the disposition of agri-

cultural commodities acquired by the Commodity Credit Corporation.

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

The CHIEF CLERK. On page 2, line 13, after the word "to", it is proposed to insert the words "or by."

The VICE PRESIDENT. The Chair lays before the Senate a letter received from the President of the United States, which the clerk will read.

The Chief Clerk read as follows:

THE WHITE HOUSE,  
Washington, February 24, 1942.

MY DEAR MR. PRESIDENT: My attention has been called to the introduction in Congress of bills (S. 2255 and H. R. 6564) which, if enacted, would prevent the Commodity Credit Corporation from disposing of its holdings of agricultural commodities below parity prices.

I believe that irreparable damage to the war effort and to the farmers of this country would result from the enactment of this legislation. In this hour when the very existence of our Nation as a free people is at stake, we cannot afford to indulge in the promotion of selfish interests such as are involved in this legislation.

Food production is playing a vital part in the conduct of the war. Not only this country but all of the United Nations are relying upon abundant production of food by the farmers of America. The two classes of products of which we have the greatest need for increased production are livestock products and oil-producing crops. Expansion in the production of both of these classes of products would be impeded by the enactment of legislation restricting the sale or disposition of the corn, wheat, and other products held by the Commodity Credit Corporation.

During the last 4 years the Commodity Credit Corporation, through its price-supporting activities authorized by the Agricultural Adjustment Act of 1938, has acquired large stocks of corn and wheat. These stocks were withdrawn and withheld from the markets when excessive supplies would otherwise have seriously reduced prices. At the time they were withdrawn from the market it was generally understood that they would be available for use in time of emergency. That emergency is now upon us and the conversion of these reserve stocks of grain into livestock products is urgently needed. This conversion can be brought about only through the maintenance of a favorable ratio between the price of feed and the price of livestock products. Such a ratio exists at the present time with respect to most livestock products and production of these products is being expanded rapidly. This expansion, however, would be seriously impeded by an increase of 15 percent in the cost of feed to dairy, poultry, and livestock producers which probably would follow the enactment of this legislation. The curtailment of the production of livestock products would, of course, be followed by higher prices for livestock products and substantial increase in the cost of living, which in turn would lead to more inflation and demands for higher wages.

On the other hand, higher prices for corn in the near future would tend to encourage farmers to plant more corn and thus increase the difficulties of attaining the production goals that have been established for soybeans, an oil-bearing crop which is urgently needed. This legislation would also increase the price at which peanut seed, now being acquired by the Commodity Credit Corporation, could be furnished to growers and thus discourage the planting of this important oil-bearing crop.

Thus the restrictions proposed in this legislation would tend to prevent the liquidation of the reserve stocks of grain at a time when they are needed, and also prevent the increased production of the products which are most needed in the war effort. Clearly this

legislation cannot be defended as a war measure and neither can it be defended on the grounds that it is necessary in order to give farmers parity. In determining whether farmers are receiving parity, Government payments as well as market prices must be taken into consideration, and none of the major commodities—corn, wheat, and cotton—are being sold at prices which, when added to the conservation and parity payments, would result in a return below parity. As a matter of fact, in the case of cotton, production of which was relatively low in 1941, no sales are being made below parity price excluding payments. The only immediate effect of this legislation with respect to cotton, therefore, would be to stop the special sales that are being made in order to stimulate the use of cotton in the manufacture of insulation and in the manufacture of cotton bagging which can be sold at a low cost to cotton growers.

In addition to these and many other considerations, it should be kept in mind that substantial assistance, very properly, has been extended to farmers in the past and further assistance probably will be necessary in the future. The good will of the consuming public should not be shattered by grasping for a few extra dollars in the name of farmers. I hope these matters will be weighed very carefully by the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

HON. HENRY A. WALLACE,  
President, United States Senate,  
Washington, D. C.

The VICE PRESIDENT. The letter will lie on the table.

Mr. WILEY. Mr. President, in view of the President's letter to the Vice President just read, I wish to make a few remarks.

I wish to compliment the Senators who spoke yesterday on the pending bill. I sat in the Senate through most of the debate and learned much about parity and the ignorance of the public generally as to the position of the farmers of the country. I feel that the language we have just heard about the "grasping" farmer is another indication of what has been carried on through the newspapers, namely, a real campaign of misrepresentation.

The press this morning announce that enemy planes have been over Los Angeles, and if we are to carry through in the tremendous endeavor in which we are engaging, we should recognize that the farm segment of the country is entitled at least to be understood, not misunderstood.

Speaking yesterday in the Senate, I said, quoting the Book of Books, that "by understanding a house is built." I claim that the farmers are not the grasping kind, but if, as indicated by the Senator from Oregon [Mr. McNARY], it has been the policy of our Government for years to see that the farmers receive a return based upon parity, then the present is no time for Government to step in and endeavor to dislodge that well-established policy.

Furthermore, something was said in the message this morning about getting rid of surpluses. I am wondering how, if this country of ours should tomorrow face the responsibility of feeding a disrupted and disjointed world, we would do it if our surpluses were exhausted. According to all the evidence produced yesterday by men who spoke on the subject, there never has been an occasion when the dumping of products possessed by

the Government did not result in a demoralization of the market, to the detriment of the farmer.

The facts are undisputed. Twenty-nine million people in this great country embracing from 22 to 23 percent of our population, are dependent for their living on what they produce on their farms. Even now the national income which goes to the farmer is only \$11,000,000,000, compared with a total national income of \$100,000,000,000. Twenty-three percent of the population receives 11 percent of the income.

Mr. President, I feel that by the letter to the Vice President there is continued a misrepresentation which should not be tolerated. If the backbone of any individual is weakened he is not in a very good condition to carry on. The farmers of the country constitute the backbone of the Nation, and up to within a few months ago, when the law of supply and demand came into operation, that backbone had been weakened over a period of years. And now when we are to put forth the greatest effort in the history of our Nation we receive a message indicating that we should break faith.

Senators heard the junior Senator from Michigan [Mr. BROWN] on the floor of the Senate yesterday ask, "Why do Senators not wait until they see whether the Attorney General of the United States sustains the position which they maintain is the law?"

Mr. President, the only purpose of the pending bill, as I understand, is to restate definitely what we thought was the law of the land a few weeks ago, and if the idea of the Chief Executive is that the farmers of the United States constitute "the grasping class," it is very evident that we can never hope to have in the Executive position in this country men who can comprehend the problems of the farmer, unless they acquire "understanding"—not misinformation.

Yesterday the Senate was given statistics from the floor of the Senate showing the average income of farmers. A comparison with the income of other classes should throw a little light on the subject.

Mr. President, I rose to ask permission to have printed in the RECORD a letter, sent to me by a man connected with Lawrence College, Wisconsin, which graphically depicts the position of the average citizen. He recognizes, as I stated on the floor yesterday, that "we must make secure the state," and we cannot make the state secure if we continue to carry on as "usual," carry on, on an 8-hour day, and go forward in the old, old way.

Mr. President, I ask that this letter addressed by the Kiwanis Club of Appleton, Wis., to the president and officers of Kiwanis International, be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LAWRENCE COLLEGE,  
Appleton, Wis., January 21, 1942.

To the President and Officers of Kiwanis International.

GENTLEMEN: Inasmuch as President Donley of Kiwanis International has pledged President Roosevelt and his Cabinet the wholehearted cooperation and support of Kiwanis



International, it does not seem improper or presumptuous on the part of this organization to make a few suggestions with regard to the solution of some of the urgent problems that confront us as a nation at this time.

Therefore the Kiwanis Club of Appleton, Wis., through its committee on public affairs and with the full support of the board of directors, suggests that the officers of Kiwanis International forward, in substance, the following suggestions to the President of the United States and to each Member of his Cabinet and both Houses of the Congress as representing the views of our organization on these matters of public interest and welfare.

1. The millions of our fellow citizens who are now serving in our fighting forces, or will hereafter join them, are called upon to serve for a mere pittance and must be ready to make the supreme sacrifice. In their task there is no 40-hour week and no time and a half for overtime. Everyone is called upon to serve to the utmost, night and day. Those of us who are permitted to stay at home, working at our private jobs and for our own interests, ought, at the very least, not to expect extra pay for this privilege, nor extra profits. We therefore suggest that Congress reexamine and amend our present law establishing a 40-hour workweek and that it add, with proper safeguards for legitimate rights of labor and industry, provisions which would abolish for the duration of the present emergency: First, the payment of time and a half for overtime; second, all excess profits; and third, forbid all strikes.

2. That Congress enact a law to fix and regulate the prices of all essential commodities for the duration of the emergency and to put this task into the hands of one competent man—such as Herbert Hoover, for example—a man of wide experience in this field and one who commands the respect and confidence of the whole Nation. To allow special privileges to certain groups would mean the break-down of the entire structure, and would ultimately result in serious inflation.

3. Inasmuch as we shall have to produce food not only for ourselves but also for the other countries associated with us, we suggest that the acreage restrictions placed upon the farmers by the Agricultural Adjustment Act be at once lifted for the duration of the emergency and that benefit payments be discontinued for the present. With substantial increases in prices already in force the farmers do not need to be bribed to do their part in this crisis, for in doing their part they will work for their own interests.

We believe that these suggestions might well be adopted as the views of Kiwanis International and forwarded to and urged upon President Roosevelt and the Congress.

The passage of the laws suggested here would result in a more even distribution of the burdens of the war. It would result in the saving of billions of dollars that are sorely needed for actual defense, and it would convince our boys in the service that the rest of us are not shirking, and would therefore result in a better morale both at home and among our fighting forces.

Very respectfully submitted.

KIWANIS CLUB OF APPLETON, WIS.

**THE VICE PRESIDENT.** The question is on agreeing to the first committee amendment on page 2, lines 13 and 14.

The amendment was agreed to.

**THE VICE PRESIDENT.** The next committee amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 2, after line 14, to insert a new section, as follows:

SEC. 2. Nothing in this act shall be construed to authorize any sale or other disposition of any agricultural commodity con-

trary to the provisions of the Agricultural Adjustment Act of 1938, as amended.

**MR. GILLETTE.** Mr. President, I spoke at some length yesterday on the pending measure, and would not have sought recognition at this time if any other Senator desired to speak on the bill. I have some remarks I wanted to make, but I certainly have no desire to speak twice on the measure if there are other Senators waiting for the opportunity to speak. I understand, after conference with the majority leader, that he may wish to make a statement with reference to the measure later, but he prefers that I should go ahead now.

Mr. President, I have some additional things to say. I was very much disturbed and somewhat agitated by the reading of the letter from the Chief Executive addressed to the Vice President, in opposition to the passage of this measure. Without discussing the conclusions stated in the letter, which I had some difficulty in hearing when it was read, I desire to say that this is a very unusual procedure in legislation so far as my knowledge goes. The Chief Executive of the United States has a function with reference to legislation, and a duty which is laid upon him by the Constitution of the United States. Under the Constitution he sends to the Congress from time to time messages on matters affecting the public weal. A message coming at the opening of Congress from the Chief Executive, messages coming from time to time, are perfectly within the province of the President and are necessary and essential and very helpful to the Congress in the performance of its duties.

If the President, after Congress has acted on a pending legislative proposal, desires in the exercise of his further constitutional power to veto it, no one can have any objection to his action or can properly make any criticism of it. Then the Congress, under the Constitution, has the power further to consider the matter in the light of the President's veto and either vote to sustain the veto or vote to override it. Those are the orderly processes of legislation.

Mr. President, I have not always seen eye to eye with the President, and in differing with him I have felt that I was exercising the prerogative of an American citizen and an American Democrat. I perhaps will differ with him on matters that will come up from time to time during the remainder of my legislative service; but, Mr. President, on the question of the conduct of the war from the time we became involved in it I have been meticulously careful not to do or say anything which would hamper or obstruct in any way the conduct of the war on which every American citizen is embarked, and for the successful culmination of which we have placed at the disposal of the President the lives of our people and everything we are, everything we hope to be. I would not be on my feet at the present time representing a farm constituency if I thought there was any citizen of the State of Iowa or any citizen of any other State of the Union who was advocating or supporting a proposal that would hamper in any way, that would divert in any way, the exercise or the appli-

cation of the Nation's strength to the winning of the war. I do not believe that I or any other Member of the Senate is advocating such a proposal.

The President has a perfect right to draw a different conclusion; there is no question about that; and the President has a right in the exercise of that conclusion to veto the action of the Congress; but I question that it is proper procedure for the President of the United States, when a measure is pending before the Senate of the United States, not to send a message to the Congress, but to send a letter to the Presiding Officer of the Senate, the Vice President of the United States, to be laid before the Senate, to influence our action in a matter which is before us.

Mr. President, it is not pleasant for me to stand here and offer criticism of the President of the United States at a time like this.

**MR. BARKLEY.** Mr. President, will the Senator yield?

**MR. GILLETTE.** I yield.

**MR. BARKLEY.** I appreciate the sincerity of the Senator from Iowa, but I am sure he will recognize the fact that there is nothing unusual in the course pursued by the President today. From time immemorial Presidents have assumed the right and exercised the privilege of communicating with Congress, not simply by formal messages at the beginning of the session, but during the session. So far as I can remember, certainly during my service in the House and Senate, Presidents have from time to time sent letters to the Presiding Officers of the two Houses in regard to pending legislation. I know it was done in the House when I was a Member of that body during the administration of President Wilson. I know it was done previously by other Presidents, and has been done since by other Presidents.

It may be that from a strict standpoint of formality the President ought not to communicate with Congress except in a formal message. I, myself, have never adhered to that view. I think that under the Constitution and under the obligation which the President assumes he has a right to take the position that from time to time he may properly communicate information or suggestions to Congress, and not simply wait until some convenient time when he can send a formal message to Congress with respect to a matter of that sort. I think any President is justified in laying facts before Congress which may influence its judgment, rather than waiting until legislation is enacted, if it is to be enacted, and sent to him, and then by veto returning it to Congress, where a two-thirds vote would be necessary to override the veto.

I realize how earnest the Senator from Iowa is in regard to this matter; but it is a practice which has not just started today; it is one which has been in vogue for many decades on the part of Presidents. I did not want the impression to be created that the Senator from Iowa feels that this is the only time that any President has ever injected himself into the consideration of legislation by sending a letter while the legislation is pending before the Congress.

I feel that the President was justified in giving to Congress the facts set out in the letter. The Senator from Iowa may not be influenced by them; other Senators may not be influenced by them. We are a part of the Government; and the various parts of the Government must work together. When President Wilson delivered his first personal message to a joint session of Congress he said that he did not regard the Chief Executive as occupying an island of safety and aloofness away off somewhere, which could be approached only by the formal resolutions and declarations of legislative bodies. He did not think that that ought to be the attitude of the Chief Executive of the Nation. I agreed then with that view, and I agree now with that conception of the duty of the Chief Executive.

Whether such a communication influences any Senator's vote is another matter. However, I think the President is well within his rights in bringing to the attention of Congress facts and suggestions which occur to him as pertinent, even while legislation is under consideration.

Mr. BROWN. Mr. President, I wish to read to the Senate the provision of the Constitution of the United States with respect to this matter. Section 3 of article II, delineating the powers of the President, says:

He shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient.

In furtherance of the phrase I have just read—"recommend to their consideration such measures as he shall judge necessary and expedient"—it seems to me perfectly proper for the President also to send to the Congress his views as to those measures which he does not consider expedient and proper. As the majority leader says, it has been the practice for more than a hundred years to do so. I think it is strictly authorized by section 3 of article II of the Constitution.

Let me say to the Senator from Iowa that as one of those who are opposing the pending bill I had absolutely nothing to do with suggesting or recommending to the President that he write any such letter to the President of the Senate; but I wish to state that, in my judgment, it is not only perfectly proper but entirely within the intent, meaning, and purpose of the constitutional provision relating to communications from the President of the United States.

Mr. GILLETTE. Mr. President, I very much appreciate the restrained expressions of both the majority leader and my dear friend at my right. My experience and service have been much more limited than those of the majority leader. I said in my previous statement, and I repeat, that, so far as my recollection goes, I have never seen presented to the Senate, through the medium of a letter to the Presiding Officer, an opinion or expression from a President on a pending measure. I have no recollection of such an instance.

Let me say to my good friend the Senator from Michigan that a few moments

ago I referred definitely to the provision of the Constitution which he has cited. I shall read it again:

He shall from time to time give to the Congress—

What is the Congress of the United States? The Senate and the House of Representatives—

information of the state of the Union.

There was ample time to prepare as a message the same letter which was sent to the Presiding Officer if the President had wanted to present it as a message. There was ample time, on the same typewriter, to draw it as a message and send it to Congress as a message, which would have been perfectly proper, perfectly justifiable, wholly within the rights of the Chief Executive, and beyond question.

Let me read further from the Constitution—

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GILLETTE. Let me complete this thought, and then I shall be glad to yield.

Again, reading from the provision of the Constitution to which the Senator from Michigan just referred:

He shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient.

If he thinks any measure is necessary and expedient he calls it to our attention through the medium of a message to the Congress. If he is opposed to the action which Congress has taken his method of expressing his disapproval is by vetoing such action. He recommends to the Congress, as provided by the Constitution, such action as he sees fit. There is no provision which suggests that a President of the United States shall send a letter to the Presiding Officer of the Senate, to be read to the Senate when a measure is pending, in opposition to the measure under consideration.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. I merely wished to suggest to the Senator—and I presume from his remarks that he and I do not see eye to eye on this subject—that it seems to me there would have been no occasion to send a message to the two Houses. This matter is not pending on the floor of the House. It may never pend there.

Mr. GILLETTE. There is another bill pending there, to which the President called attention.

Mr. BARKLEY. That is true. It has been introduced and is still in committee. It has not been reported by the committee; and I do not know what action the committee will take.

Mr. GILLETTE. The President cited it by number.

Mr. BARKLEY. That is true. He cited it because the two bills are companion measures. However, the House bill is not before the Senate. It seems to me—and no doubt it seemed to the President—that the situation does not call for a formal message to the two Houses, in one of which the bill has not even been reported by the committee.

Nobody knows whether it will be. I certainly would not assume to predict what action may be taken there.

I think the President had the right to choose whether to send a formal message to both Houses, when the matter is not pending, except in a very tenuous way, in one of them, or to send a communication to the Vice President. The President has sent communications to others in the Senate besides the Presiding Officer, and to others in the House besides the Presiding Officer. It is a matter of choice as to whom the President shall direct his letters. Certainly a letter to the Vice President, who is the Presiding Officer of the Senate, or to the Speaker of the House, who is the Presiding Officer of the House, is more formal than a letter written to the majority leader or to any Senator who is in charge of a bill or who is opposing a bill. Next to a formal message, it seems to me that the President has pursued the most formal course he could have pursued.

Mr. GILLETTE. Again, I appreciate the expressed conviction of the majority leader.

Mr. BARKLEY. Mr. President, if the Senator will further yield, it seems to me that, after all, any disagreement over the course the President pursues in conveying his views to us is beside the question. It seems to me that the meat of the whole matter is whether what the President said is worthy of our consideration, and whether he presented facts which ought to be weighed by us in determining what course we shall pursue. It seems to me that while the form or method he may use in putting the facts before us may be the subject of disagreement as to propriety, it really has no bearing on the merits of the matter we have before us.

Mr. GILLETTE. Mr. President, I further express my gratitude to the majority leader, and I may say that I am in agreement with him; that, after all, the vital matter which we shall have to determine by our votes on the pending measure is the question of the actual rights of the matter. I have expressed myself as clearly as I was able to do as to my opinion of the impropriety of the action and its unwisdom. I said before, and I repeat, that nothing is more distasteful to me, nothing could be more repugnant to me than to stand on the floor of the United States Senate at a time like this and criticize the Chief Executive of the United States for any action he may have taken on legislation or on any public matter. As I say, I may differ with him. In the past I have differed with him; probably I shall do so again. I have agreed with him hundreds of times. At this time especially it hurts, it hurts down deep, to have to give utterance to the opinions I have just stated; but I believe them, and I am sure everyone will credit me with sincerity in expressing them.

The letter is here. The President has expressed certain sentiments with reference to the pending legislation; and, as the majority leader has just said, the purport of the objections should be given consideration.

Mr. President, I hope the Senate will be indulgent with me a little while longer



to supplement what I said yesterday in answer to the arguments presented by my distinguished colleagues the Senator from Michigan [Mr. BROWN] and the Senator from Kentucky [Mr. BARKLEY]. In connection with the President's conclusion, as just expressed, as I understood it from the letter as it was hurriedly read, let me read from the report of the Administrator of the Agricultural Adjustment Administration for 1941, made available to me day before yesterday. The report is by the chief of the section, a Mr. R. M. Evans, who, I understand, has been nominated to be a member of the Federal Reserve Board. In his statement contained in the report I read from a section entitled "The Program and the Consumer," appearing on page 3:

Actually it is impossible to keep farm returns exactly at parity, and in view of the long period in which farmers have had returns of less than parity there should not be great concern at prices for some commodities temporarily going slightly above this level. Parity remains the goal—

This, Mr. President, is the conclusion of the officer appointed by the Chief Executive and charged with administration of these matters.

Again quoting:

Parity remains the goal, and the abundant production of American farmers is the best possible assurance to consumers and others that food is going to continue to be forthcoming at prices fair to both consumers and farmers. To the extent that increases in food prices represent parity prices to farmers, these increases are justified, and prices which consumers in fairness should be willing to pay.

It has been asserted that it is unfair to the consumer to allow the farmers to receive a parity price for their production, and that the price is to be held by artificial means below parity—85 percent, if you please, or lower. Yet we have the assertion of the agent of the executive department whose duty it is to administer these matters, who says:

To the extent that increases in food prices represent parity prices to farmers, these increases are justified, and prices which consumers in fairness should be willing to pay.

I am still quoting from the report of the Agricultural Adjustment Administration:

However, the price paid to the farmer represents only a portion of the price paid by the consumer. The rest of the consumer's dollar goes to middlemen, such as processors, handlers, and distributors. Actually, the middlemen collectively get a larger portion of the consumer's food dollar than does the farmer. Thus, the farmer properly is as much concerned with the margin going to the middlemen as is the consumer.

Now let us recall the statement of Secretary Wickard as to the billion-dollar increase in the cost of living, which was referred to yesterday by the Senator from Michigan:

During the first half of 1941 farmers received only a little over a cent from the sale of a loaf of white bread retailing at almost 8 cents on the average. The producer's share of a 7-cent package of corn flakes averaged less than a cent and a half. Cotton growers got about 8 cents for producing the material in a dollar cotton shirt.

The average workingman spent \$415 for food in 1929, but at the prices prevailing the

first half of 1941 the same amount of food cost only \$327, or about a fifth less. Thus, in spite of some rises in food prices, the city consumer's food-buying power in 1940-41 was the highest since the World War.

That is the evidence of the agent representing the executive department dealing with the question of consumers' buying power.

Mr. President, at the risk of further trespassing on the patience of the Senate, let me refer briefly to the proposed amendment which was suggested yesterday by the Senator from Michigan [Mr. BROWN], and which was supported with considerable force by the majority leader. I do not want to have to speak in opposition to the amendment if it is not to be presented, and I sincerely hope that it is not to be presented. The Senator from Michigan advises me that the amendment which he suggested yesterday has been changed to read as follows—

Mr. BROWN. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. BROWN. I may say that the amendment which I suggested yesterday was prepared by the vice president of the Commodity Credit Corporation, and was presented by me in the form in which he had prepared it, after I had looked it over and had found that it contained the general ideas I had in mind. Because of some of the arguments made by the Senator from Iowa, who is a thorough student of the question, it was felt that the amendment should be slightly changed and improved, having in mind the general purpose of the original amendment, and which I had in mind in offering it. There is no fundamental change in it at all; it merely spells out a little more clearly exactly what payments shall be used in considering the make-up of the final parity price, which is the limitation contained in the Senator's bill.

I have offered neither amendment as yet, but the amendment which I now hand to the Senator from Iowa is the amendment which I shall offer at the appropriate time.

Mr. GILLETTE. With the Senator's permission and the assurance that he expects to offer the amendment later, may I read it as a prelude to my remarks?

Mr. BROWN. Very well.

Mr. GILLETTE. Does the Senator have any objection to my doing so?

Mr. BROWN. No.

Mr. GILLETTE. The amendment proposes to insert at the proper place the following words:

less the rate of the parity and conservation payments made in connection with the acreage allotments established for the crop of such commodity harvested in the calendar year in which the then current marketing year began.

Mr. President, let me refer to the legislative proposals which are designed to assist the farmer to obtain an income from his crops. When the old Agricultural Adjustment Act was declared unconstitutional, Congress enacted the Soil Conservation Act which, with amendments, is carried in the existing Agricultural Adjustment Act of 1938. By it we provided that the individual farmer, in

return for taking out of production certain acreage, and abiding by the rules of the Department in respect to building up the soil fertility of such acreage by planting soil-building crops, or leaving the acreage lie fallow, would be compensated by a soil-conservation payment in proportion to his compliance on his farm with the rules laid down. Under that law there is no relation whatever between the soil-conservation payment which JIM HUGHES gets for his farm and the market price obtained for GUY GILLETTE's corn or his cotton or anything else he takes to market. The money received for soil conservation is a payment to Senator HUGHES for taking out of production certain acreage, and the payment is made in an attempt to compensate him in part therefor. So to include a conservation payment in a determination of what a farmer has received as income is entirely beside the point. The majority of the farmers are not in the program. Some of them had their compliance payments cut down because they did not comply in full; perhaps they put only some of the withdrawn acreage into soil-building crops. To say that the Commodity Credit Corporation cannot sell without taking into consideration the conservation payments would require them to take into consideration the conservation payments made to every individual in the United States who was in the program and to find out how much he received from it.

Notwithstanding the conservation payments under the plan taking acreage out of production, it was recognized that the price for the farmer's product might be away below parity. So the Congress provided a further payment called a parity payment, to which I referred yesterday, and to which I shall refer again, under which, if at the close of any marketing year the Congress made appropriations for the purpose, such appropriations could be allocated to the extent funds were available among the different crops in the proportion that they had fallen below an income price in that year. That is the parity payment and it is based, as the Presiding Officer [the Vice President in the chair] well knows, not on the parity price of the unit in the market but on the parity income of the individual.

Mr. President, the pending bill provides this and no more: That the Commodity Credit Corporation shall not use the crop surpluses which they have under their control by putting them on the market below a parity price. It is utterly ridiculous in all fairness to say that the surplus cannot be put on the market below a parity price plus the conservation payments that Bill Smith got plus a parity price that may or may not have been paid in some past year.

In this connection let us think for a moment of what crops come within the control of the Commodity Credit Corporation and why. The Senator from Kentucky, the majority leader [Mr. BARKLEY], yesterday in the colloquy between the Senator from Michigan and the Senator from Kentucky and myself when I asked when the Commodity Credit Corporation has within its control crops raised in 1937, 1938, 1939, and 1940, how

could the Corporation know what parity payments, if any, were made in those years, the Senator from Kentucky said, "We are talking about the crop of 1941." Let me say to the Senator that the Commodity Credit Corporation does not have one pound of the crop of 1941; it can not have it. It is impossible for the Commodity Credit Corporation at the present time to have under its control one nickel's worth, one pound, one ounce of the crop of 1941. The 1941 crop goes under loan and is warehoused on the farm if and when the producers of the crop want to take advantage of the loan provision and borrow on the crop and warehouse it on the farm. In that connection in 1938 and 1939 farmers who warehoused corn on the farm and borrowed money on it instead of turning it back, were asked when the loans became due, to reveal it, and they were given a premium of 6 or 7 cents additional for keeping it instead of turning it over to the Commodity Credit Corporation. If the Commodity Credit Corporation has loaned to a farmer in Alabama, or Mississippi, or Oklahoma, or Oregon, or any other State on the 1941 crop, when the loan becomes due or when it is called the Corporation could get possession of the crop, but the Corporation does not have possession of it now.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. BARKLEY. I am aware of the fact the Senator has just stated. When I referred yesterday to the crop of 1941 I did not have in mind any part of that crop that is owned or held by the Government; but certainly this bill is presented by its sponsors at this time, I imagine, with a view that if it is enacted it may affect the price of the crop of 1941 still in the hands either of the growers or in the hands of other people who have not distributed it through general commercial channels.

Mr. GILLETTE. The Senator is entirely right.

Mr. BARKLEY. There are considerable quantities of the crop of 1941 upon which there is no loan, and which have not yet been sold to the public; otherwise, I cannot imagine any reason at all for presenting a bill of this kind at this time.

Mr. GILLETTE. The Senator's statement is a hundred percent correct. The object of the measure is that when a farmer goes to market with his load of corn or his load of wheat or his load of hogs or his load of cotton, rice, or tobacco, he must not be compelled to sell it on a market that has been depressed through the operations of the governmental agencies that have taken control of the crops in previous years. In that connection, as I said yesterday, recently the mere statement that certain action would be taken by the governmental agencies broke the corn market and the wheat market in Chicago 5 cents a bushel, and every farmer who took his product to market within the following 2 or 3 days had that much money taken out of his pocket.

There is another matter to which I did not refer yesterday, but to which I should like to refer at this time. How do

these surpluses come within the control of the Commodity Credit Corporation? First, because when a farmer's loan becomes due he may turn over the grain or the cotton which secures the loan, and the Corporation must take it and cannot obtain a personal judgment against the farmer for the balance due. In that way, the Corporation comes into possession of some of these surpluses. How else does it come into possession of surpluses? Section 612 (C), title VII, of the code provides:

There is appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, an amount equal to 30 percent of the gross receipts from duties collected under the customs laws \* \* \* and shall be used by the Secretary of Agriculture—

Now listen—

to encourage the exportation of agricultural commodities—

To pay the losses to the farmers and to— encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or other means, from the normal channels of trade or commerce or by increasing their utilization through indemnities, donations or by other means, benefits, among persons in low income groups as determined by the Secretary of Agriculture.

In section 713 (C) of title XV of the Code those powers were transferred to the Federal Surplus Commodities Corporation and in effectuating the subsection which I have just read which enabled the Corporation in domestic uses to handle these products and to use the money derived there was added a provision: That in the application of section 612 (C) the Federal Surplus Commodities Corporation could use such transferred funds for purchasing, exchanging, processing, distributing, disposing, transporting, storing, and handling all agricultural commodities and products.

By the use of 30 percent of the customs receipts the Commodity Credit Corporation formerly, now the Federal Surplus Commodities Corporation—and their authority has since been transferred to the Surplus Marketing Administration and yesterday that was changed again to some other organization which exercises the same power and functions—in addition to securing control of agricultural surpluses through the liquidation of loans, has a right to use 30 percent of the customs receipts to go into the market and buy agricultural commodities, process and sell them, use them, transfer them in any way it sees fit. Yet when we come before the Senate and ask that this power shall not be used for the avowed purpose of driving farm prices below parity, we are criticized by eminent authority and on down.

Mr. BROWN. I hope the Senator is not referring to me as an "eminent authority."

Mr. GILLETTE. No; I did not mean authority "down" to the Senator from Michigan; I meant further down than the niche that is so well occupied by the Senator from Michigan.

Mr. President, before I take my seat, may I again refer to what actually occurred? In view of what has occurred, is it any wonder that we fear what might

occur? The Surplus Marketing Corporation, originally the Commodity Credit Corporation, took 60,000,000 bushels of corn since the first of the year and threw it on to the market at less than parity.

Those who purchased it speculated with it, bought against it, and then threw it on to the market to drive down the price so that they could cover their sales, to the tune of a profit of 7 cents a bushel. Secretary Wickard admitted that that was done, and said he took steps to stop it. In addition they processed and made \$1.25 a bushel on corn which they had bought at 81 cents from the Commodity Credit Corporation, and they had a residue of feed, 17 or 18 pounds to the bushel which was sold at a profit. That is what we do not want to happen. That is what we are asking the Congress of the United States to prevent.

Some say that under the terms of the bill the grain could not be used by the War Department, and could not be used by the Navy Department. There is nothing in the pending bill which would prevent such use. It merely says:

You cannot dispose of it at less than the parity price, nor can any organization or agency of the Government to which you transfer it dispose of it at less than the parity price.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. CLARK of Missouri. There is nothing in the bill to prevent using the surplus of grain for the production of industrial alcohol, thereby relieving the sugar situation, is there?

Mr. GILLETTE. Nothing whatever.

Mr. CLARK of Missouri. Is it not a fact that to some extent the sugar shortage has been created by some of the corn-sirup manufacturers, who do not want to have grain used to relieve the sugar shortage, but who want to have a sugar shortage so that people will have to use corn sirup?

Mr. GILLETTE. That is true, and, specifically, the R. F. C. bought 1,200,000 long tons of Cuban sugar to compensate for the loss of a million tons of Philippine sugar, and they are holding it, as they say, for the manufacture of industrial alcohol, instead of using surplus grain, when they can manufacture alcohol from grain and reduce the necessity for sugar rationing. That is what is going on, and at the proper time we will show it. I thank the Senator from Missouri for the suggestion.

For the time being, let me plead with the people to abide by the President's suggestion made night before last in his broadcast, not to put the agricultural group of this country into a strait jacket. I have no criticism to make of all the assistance and protection that is given industry, I have no objection whatever to the floor under wages and the lack of ceiling over wages, for labor, but I object to saying to the farmer: "We will not let you have a parity position, we are going to prevent you getting into parity relationship, and we shall use the governmental agencies for a purpose for which they were not intended, to drive down the prices of your farm commodities when they tend to reach the parity



position which we have said for 20 years we were going to see that you got."

Once more, Mr. President, I apologize to the Senate for taking so much time, but I sincerely hope that Senators will be fair to agriculture. I have no criticism of any Senator for any opinion or conclusion he may reach. I have tried in my poor way to express my views. If I have failed to present the argument convincingly, the shortcoming is mine, and does not indicate lack of justice or equity or merit in the case.

Mr. NORRIS. Mr. President, I expect to vote for the pending bill, and I favor its enactment into law. I did not intend to speak on the bill, and I should not have done so had it not been that since the President's letter was read at the desk there have been severe criticisms of the method the President takes to communicate with Congress. It seems to me that some of the criticism is not only unwarranted, but that it is disrespectful to the Chief Executive, at a time when, above all things on earth, we should present to the world a united front, no matter how we may disagree among ourselves as to methods employed.

Mr. President, I believe that under the Constitution of the United States the President has a right to communicate his ideas to either body of Congress by letter addressed to its Presiding Officer. The Constitution provides that it shall be his duty to communicate to the Congress, and to recommend such legislation as he believes to be good for the Nation. It does not specifically say that he has a right to call attention to proposed legislation with which he does not agree.

Are we to quibble on that point? Even assuming that the Constitution may be so strictly interpreted as to mean that the President has no right to say to Congress, except through a veto, that he opposes legislative proposals, are we to question his motives, as I think has been done this morning by the Senator from Wisconsin [Mr. WILEY]? Are we to criticize him because he pursues a method which we would not pursue if we occupied his position? Assuming, of course, that we could do better than he does, should we not in these times give to him the privilege of following his own ideas as to how he will communicate with Congress?

Under the Constitution as I understand it, the President is a part of the legislative function of the Government. If he cares to exercise his function by telling us he does not like legislation which is pending, and offering his objection and giving his reasons for objecting, are we to question him and say, "Mr. President, all you say may be true, but the Constitution does not permit you to communicate with us in this way. We are on a different pedestal. To approach us you must follow technical provisions of the Constitution, and veto a bill if you do not like it."

Mr. President, this quibbling over a technicality which is immaterial, this fault finding with the Chief Executive because we do not agree with the method he has pursued, is a dangerous attitude for us to take. What of it? Suppose the Constitution is silent about the matter,

suppose such a thing has never been done by any President in the past; will we not permit the President to send a letter to the Vice President telling the Senate that he thinks something we are about to do should be modified, or that it is not right?

Mr. President, this makes me think of a certain country justice of the peace, before whom there was pending a replevin action, in which the plaintiff sought to replevin some hogs. One of the attorneys took the attitude that the action would not lie, and cited an opinion of the supreme court of the State in a case exactly like the one pending. The attorney sat down thinking that he had convinced the court, and that there could be but one decision; but the justice of the peace, on his pedestal, with his superior wisdom, called the attention of the attorney to the insult he had offered the court. He said, "We have before us a replevin case involving hogs, and you have cited a case passed on by the supreme court involving cattle. What has that to do with hogs? You should be disbarred for offering such an insult to this high court."

Mr. President, we are at war. We are battling to save civilization itself—in my opinion, the greatest question ever involved in war at any time, anywhere. The happiness of future generations the world over depends on the outcome, and here, while enemy planes are flying over our coastal cities, while bombs are falling upon our soil, we quibble as to whether the President has a right to send a letter to the Vice President to be read to the Senate.

Let us suppose the President does not have such a right; what difference does it make? Are we going to stop the clock of civilization in order to settle an immaterial quibble which has nothing to do with the great battle before us to save the world from paganism and slavery?

I speak now because this is not the only occasion when the same kind of criticism has been directed against our Chief Executive. I have no objection to anyone criticizing the Chief Executive constructively, but if I had to weigh such a point now, with the work which is before us, I should hesitate to say that, instead of sending a letter to the Vice President, he should have sent a message to both Houses of Congress, or should have remained silent and waited until he gets an opportunity to veto the measure.

I hear criticism almost daily coming from Members of the Senate. The criticism may be slight. Some may say, "Yes; I agree with what the President has done, and it is all right, but the President has not done it in the right way. I know that someone else could do it better."

Mr. President, suppose that is true; what difference does it make? If I think I can do a job better than the President can do it, what has that to do with the matter? I am not President. I cannot be. Franklin Roosevelt is President, and he is my President, and he is your President, and he is battling for the same objective we all desire to attain.

I was greatly pleased the other day to read in a newspaper that there was a movement on foot in Oregon for both or

all parties there to unite and get behind the Republican Senate leader [Mr. McNARY], who sits before me now. I thought that was the kind of spirit which ought to be shown in these terrible times, not because we always agree with the Senator from Oregon, but because it would exemplify to our enemies unanimity of purpose and patriotism here which casts all politics and disagreements aside. That one action, if carried out, would, in my judgment, be a greater victory for us in this cause than the building of a battleship. It would create a belief and a knowledge, probably not here, but in Germany, in Italy, in Japan, that they were contending against an enemy who was united at home. Every one of these little disagreements go to Hitler and to his fat boy, Mussolini; every one of them goes to Japan; and it gives the enemy relief, it gives the enemy a greater spirit to fight on in opposition to what they say is a divided country here.

So, Mr. President, while I expect, as I said, to vote for the bill, I believe firmly that the President in writing a letter to the Vice President of the United States in regard to the measure, and calling his attention to what he believes are deficiencies in it, pursued a proper course. He could follow that course or he could take some other course; but if I did not believe that the President had the right to do what he did, giving him credit, as I do, for being conscientious and honest, I would object to the course he took. I do not think it would be any defense to say that someone else could do it in a different way and in a better way. For the sake of the cause we might admit all that.

Mr. President, these little things, little by little, every day and every hour, coming from somewhere, the finding of fault with something which is immaterial and which does not amount to anything, no matter which way it is done, are hurting us, are injuring our cause, and making it more difficult for our brave men to achieve on the battlefield the victory which we expect eventually. None of those things in themselves and standing alone are perhaps worthy of notice, but when they come continually every day and every hour, mingled sometimes with faint praise in order, I think, to cover up the effect of criticism, they result in injury to our cause.

I do not want anything I have said to cause anyone to feel that I object to criticism of the President, or of Senators, or of anyone else, when the criticism is made in a spirit of justice, in a spirit which will not divide us and send us off in different directions when we all want to accomplish the same objective.

Mr. President, what I am now saying is not said with the idea of finding fault with Senators for exercising their rights, but it seems to me I have often heard similar criticisms. I do not mean to say that much which has been said in regard to the letter which has come here is necessarily wrong. I have no objection to a Senator feeling that the President ought not to communicate with us in that way, and expressing his feeling. That is not the reason for my taking the floor. I

do not want to be misunderstood, but I want to say, if I can only find words to say it, that, in order to present the proper front to our enemies, in order to bring success to the cause which we all want to succeed, in order to accomplish the object which is common to every one of us without exception, these immaterial things pertaining particularly to procedure, which cannot hurt anyone, which cannot do any injury to anyone, ought not to be the vehicle for raising criticism against any official in our Government.

**MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED**

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 6470) to extend the time within which the amount of any national marketing quota for tobacco, proclaimed under section 312 (a) of the Agricultural Adjustment Act of 1938, may be increased, and it was signed by the Vice President.

**DISPOSITION OF AGRICULTURAL COMMODITIES BY COMMODITY CREDIT CORPORATION**

The Senate resumed the consideration of the bill (S. 2255) to establish a policy with respect to the disposition of agricultural commodities acquired by the Commodity Credit Corporation.

Mr. AIKEN. Mr. President, I should like to call up for consideration the amendment which I submitted last night, and which was ordered to be printed and to lie on the table.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The Chair advises the Senator from Vermont that a committee amendment to the bill is pending, which has not yet been agreed to.

Mr. AIKEN. I beg the Chair's pardon. I thought that committee amendment had been acted upon.

The PRESIDING OFFICER. The pending committee amendment will be read again for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, after line 14, it is proposed to insert the following new section:

SEC. 2. Nothing in this act shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. AIKEN. Mr. President, I now ask that my amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 14, after the word "purposes" it is proposed to insert a comma and the following: "nor to grain which has substantially deteriorated in quality and is sold for the purpose of feeding or the manufacture of alcohol."

Mr. AIKEN. Mr. President, I do not anticipate there will be any objection to the amendment. I think the wording

explains its purpose. It is to make sure that under the bill the Commodity Credit Corporation will be empowered to sell at a lesser price for the purpose of feeding or making alcohol, grain which has deteriorated.

Mr. BANKHEAD. Mr. President, the sponsors of the bill feel that this amendment is a good one; and, insofar as they have the power to do so, they are willing to accept it.

Mr. BROWN. Mr. President, as one of those who oppose the bill, let me say that the amendment is a limitation, and for that reason it is not unsatisfactory to us. I am very glad to acquiesce in the amendment.

Mr. RUSSELL. Mr. President, let me suggest to the Senator from Vermont that he also include commodities which are to be used for seed purposes.

Mr. AIKEN. I have no objection to accepting that modification.

Mr. BANKHEAD. We have no objection to it.

Mr. RUSSELL. If the Senator will permit me to do so, I suggest striking out the period after the word "alcohol" in the Senator's amendment and inserting "or commodities sold to farmers for seed."

Mr. AIKEN. That modification is perfectly satisfactory to me; but I wonder if it covers exactly what the Senator from Georgia means, because the amendment relates to grain which has deteriorated in quality.

Mr. RUSSELL. If the modification which I have suggested should be agreed to, the Senator's amendment would read as follows:

On page 2, line 14, after the word "purposes"—

Which, of course, applies to commodities distributed to those on relief—

insert "nor to grain which has substantially deteriorated in quality and is sold for the purpose of feeding or the manufacture of alcohol, or commodities sold to farmers for seed."

Mr. AIKEN. That wording is perfectly agreeable. I merely wished to make sure that deteriorated grain is not sold for seed.

Mr. RUSSELL. I used the word "commodities." As a matter of fact, I did not have grain in mind in suggesting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Vermont [Mr. AIKEN].

The amendment as modified was agreed to.

Mr. TAFT. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio will be stated.

The CHIEF CLERK. On page 1, line 3, after the word "hereafter", it is proposed to insert the words "until 6 months after the end of the war in which the United States is now engaged."

Mr. TAFT. Mr. President, the bill, as drafted, apparently proposes a permanent policy for the Government for all time to come. It seems to me obvious

that whether or not it should apply during the war, it certainly would be a very unwise policy after the war. The purpose of the amendment is to limit it to the period of the war and 6 months thereafter, during the readjustment.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BUNKER in the chair). Does the Senator from Ohio yield to the Senator from Michigan?

Mr. TAFT. I yield.

Mr. VANDENBERG. The language which the Senator has used is the orthodox form in which similar language has been used repeatedly by Congress during the past few months by way of limitation upon emergency legislation.

In the Foreign Relations Committee a couple of weeks ago I was struck by the fact that there may be a very different definition of what is meant by the end of the war than the one the Senator may have in mind. Let me express what I mean in the form of a question. Did the World War end with the armistice, or did it end 2 or 3 years later when the peace treaty was ratified?

Mr. TAFT. I think it ended with the signing of the peace treaty.

Mr. VANDENBERG. Then it strikes me that the limitation language which we are using in these statutes is a very faulty limitation, because the law may extend after every semblance of war is over, and reach into 2 or 3 years of peace and reconstruction.

Mr. TAFT. As I recall, the peace treaty was signed 6 or 8 months after the armistice. Of course, it was not finally ratified by the Senate for some time.

Mr. VANDENBERG. What does the Senator mean? Does he mean the signing of the peace treaty or the ratification of the treaty?

Mr. TAFT. I suppose it would mean the ratification of the treaty.

Mr. VANDENBERG. Then, the Senator is talking about a period which may extend for 2 or 3 years after the war has actually ended.

Mr. TAFT. I think there should be some period after the war has ended, because in all these matters of price control it will probably be necessary to control the price question after the end of the war.

When this question arose in connection with the second War Powers Act, the Senator from Missouri [Mr. CLARK] offered an amendment about which there was a good deal of debate, and with respect to which there was considerable change. Finally he settled down to the 31st of December 1944, unless extended by the Senate. If it is agreeable to the sponsors of the bill, I am perfectly willing to suggest, instead of this amendment, the same limitation which is in the second War Powers Act, so that all these powers may come to an end at the same time.

Mr. VANDENBERG. If the Senator will further yield, what I am saying is only casually related to his amendment. I have no particular interest one way or the other in the language of the pending amendment; but I am raising a question



which I think has heretofore been overlooked in connection with the formula of limitation. I think the formula of limitation, as we have written it, may ultimately be construed in a totally different manner than we contemplated.

Mr. TAFT. I think that most of the powers which have been limited have related either to the emergency declared by the President or to specific dates. I think there are very few limitations of the character which I have proposed. I quite agree that the amendment would not be a very wise provision. If it is agreeable to the sponsors of the bill, I suggest that the amendment be changed to read in accordance with the limitation in the second War Powers Act.

In the first War Powers Act the limitation reads as follows:

Titles I and II of this act shall remain in force during the continuance of the present war and for 6 months after the termination of the war, or until such earlier time as the Congress by concurrent resolution, or the President, may designate.

Mr. VANDENBERG. What does the phrase "termination of the war" mean? Does it mean the end of the shooting, or the ratification of the peace treaty?

Mr. TAFT. I think it means the ratification of the peace treaty. Of course, there is the provision that the Congress may terminate the powers sooner if it so desires. I think the first War Powers Act would continue until the peace treaty and 6 months after the peace treaty, unless Congress should terminate it sooner.

Mr. VANDENBERG. I do not think that is the sort of limitation which most Senators had in mind when they were supporting the formula of limitation. We know from experience that the war powers may be extended for 2 or 3 or 4 years into the post-war peace era.

Mr. TAFT. I agree with everything the Senator has said.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BROWN. I call the Senator's attention to the fact that under existing law the Commodity Credit Corporation's right to do business ends on June 30, 1943. In view of that fact it seems to me that that is probably a very much earlier date than any of the dates which the Senator is now discussing.

Mr. TAFT. Of course, the War Powers Acts cover every agency of the Government.

Mr. President, I withdraw the amendment which I have offered. As soon as I have redrafted it I shall offer it again.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BROWN. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be stated.

The CHIEF CLERK. On page 2, line 1, it is proposed to strike out the period after the word "law" and insert the following: "less the rate of the parity and conservation payments made in connection with the acreage allotments established for the crop of such commodity

harvested in the calendar year in which the then current marketing year began."

Mr. BROWN. Mr. President, I know that the majority leader desires to express himself on this amendment. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Ellender	Norris
Austin	Gerry	Nye
Bailey	Gillette	O'Daniel
Ball	Glass	O'Mahoney
Bankhead	Green	Radcliffe
Barbour	Guffey	Reed
Barkley	Gurney	Reynolds
Bilbo	Hayden	Rosier
Bone	Herring	Russell
Brewster	Hill	Schwartz
Brown	Holman	Smathers
Bulow	Hughes	Stewart
Bunker	Johnson, Calif.	Taft
Burton	Johnson, Colo.	Thomas, Idaho
Butler	Kilgore	Thomas, Okla.
Byrd	La Follette	Tobey
Capper	Langer	Truman
Caraway	McCarran	Tunnell
Chavez	McKellar	Tydings
Clark, Idaho	McNary	Vandenberg
Clark, Mo.	Maloney	Van Nuys
Connally	Maybank	Wallgren
Danaher	Mead	Walsh
Davis	Millikin	Wheeler
Downey	Murdock	White
Doxey	Murray	Wiley

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. BARKLEY. Mr. President, before I discuss the bill and the pending amendment, I desire to refer briefly to the question raised by the Senator from Iowa [Mr. GILLETTE] as a result of the letter relative to the pending bill sent to the Senate, through the Vice President, by the President of the United States. In the colloquy with the Senator from Iowa I suggested that this method of communicating with either or both branches of Congress is one which has been followed almost from time immemorial. It has been practiced, I am sure, during my service in both Houses—a service which runs over a period of 29 years. No one ever objected to the procedure. I recall that on the 19th of July last year the present Chief Executive of the United States sent a letter—as appears on page 320 of the Senate Journal—to the Vice President, referring to a letter he had written on the 3d day of July 1941 to the Speaker of the House in reference to the flood-control bill, which was House bill 4911. No one objected to the President's writing to the Speaker with regard to the flood-control bill at that time pending in the House, and still pending there.

The President of the United States addressed a letter—as is shown on page 497 of the Journal—dated December 15, 1941, to the Vice President, as the Presiding Officer of the Senate, in regard to the Selective Training and Service Act of 1940, amendments to which were then pending in the Senate. So far as I recall, and so far as the record shows, no one objected to that method of communicating with the Senate of the United States. I may state that for many years the Journal of the Senate and the Journal of the House have contained communications of this nature addressed to

the Congress or to one of its branches by the Chief Executive in office at the time, calling attention to his support of or his objection to legislation pending before the branch which he addressed in that fashion.

I have always believed, and I now believe, that the less formality and the more cordiality and personal cooperation there may be between the legislative and executive branches of our Government, the better will be the result in legislation. Certainly at a time like this we should not stand on ceremony, we should not rare back and call for meticulous observance of formalities as between the various branches of the Government, especially the legislative and executive, both of which must work together in the enactment of legislation, because under the Constitution the President of the United States is a part of the legislative process, since he is required to give his approval to bills passed by the Congress—and in that act he is a part of the legislature—or, if he disapproves, to return the measures to the Congress, noting his objections thereto. But, as I indicated in the colloquy with the Senator from Iowa, such a discussion does not really go to the merits of the suggestions of the President or the contents of the pending bill.

Mr. President, I do not take the floor with any expectation that what I may have to say will influence many, if any, votes on the pending bill; but I am unwilling for the Senate to vote upon the measure without submitting for the Record and for the consideration of the Senate what I regard to be some pertinent facts which, in my judgment, ought to be taken into consideration, and which certainly had some influence with me in determining my attitude on this proposed legislation.

I do not suppose that I need to expatiate upon my record in the House and in the Senate in behalf of legislation to improve the condition of agriculture. It is a record of which I am proud, beginning back in the Wilson administration, when there was enacted the first farm-credit legislation ever passed by the Congress of the United States, and including the enactment of good-roads legislation, openly designed to aid agriculture in obtaining and reaching markets for the sale of agricultural products. I voted in the House of Representatives for the legislation sponsored by the distinguished Senator from Oregon, known as the McNary-Haugen bill. I am sure that I do not have to prove to the Senator from Oregon that any man who would vote for that bill must have been a friend of the farmer. So I speak today, I hope, as one whose record is established in the journals of the two Houses as friendly and enthusiastic in behalf of legislation to benefit agriculture. I not only voted for but I helped, as best I could, in the passage of the Agricultural Adjustment Act, the Soil Conservation Act, and other acts which were designed to benefit, and which have benefited immeasurably, the agricultural interests of the United States.

In the enactment of all this legislation Congress had in mind, the administration had in mind, fixing a relationship

between the income and the outgo of the farmer which would come as nearly as possible to the relationship prevailing in the period during which the normal income and outgo in the way of expenditures were as representative as was possible. In order to provide a standard for agricultural prices, we fixed the period from 1909 to 1914 as the 5 years which represented as well as if not better than any other similar period in recent agricultural history, the normal relationship, and we called that relationship parity. It has been the objective of all the laws enacted by Congress to bring about a gradual approach to that relationship, or parity, where the income of the farmer and the price of the things which he is required to buy approximately represent the same relationship, though not the same prices, as that which existed in the period from 1909 to 1914.

With the exception of one or two phases of the governmental payments under the triple A and under the soil-conservation program, I think we may assume that if the farmer had received prices which might be said to represent parity in the last 8 years there would not have been any need for any benefit payments.

We undoubtedly and admittedly have resorted to artificial means by which to control production by the adoption of quotas, voted by the farmers on themselves, in the case of cotton, wheat, corn, tobacco, rice, and more lately peanuts. Those votes had to be by two-thirds majority, by which the farmers imposed upon themselves a restriction on production in order that production might be reduced somewhat to the requirements of commercial demands; but, recognizing that that could not be done in a day or a week or a year, we adopted a program under which the agencies of the Federal Government, including the Commodity Credit Corporation, the Soil Conservation Service, and others, might hold off the market surpluses of certain crops, so that the dumping of such surpluses on the market at a depressed price would not drag down the price of the balance of the crop sold during any given year.

Congress had two things in mind in the adoption of that policy. One was, even in normal times, in peacetimes, but particularly when prices were depressed by conditions over which the farmer had no control, to hold the surpluses off the market, in order that the prices might not be depressed still further. I may say that was the primary objective in mind in the creation of the Commodity Credit Corporation and various other agencies under laws enacted by Congress during the past few years.

There was, however, another objective, even though it may be described as secondary, and that was to hold the surpluses off the market until there might be created, or might come into existence, an emergency, when it would not only be proper but would be wise to feed the surpluses to the public and to the market as the market might be able to absorb them; but, in order that there might be no sudden dumping of the surpluses upon the market, even in the existence of an emergency, Congress enacted legislation

limiting the amount which could be sold in any month or in any year, so that they might be fed to the commercial market, somewhat after the fashion of the demand of the commercial market, and in such quantities as would not suddenly depress the prices of the commodities.

Now we are dealing particularly with wheat, corn, and cotton, although there are other products, such as tobacco and rice and peanuts which constitute what we call the basic agricultural commodities. During the existence of this program, I think it might be well for the Senate to bear in mind the fact that since 1933 the Commodity Credit Corporation has made loans on about 1,100,000,000 bushels of corn.

Under the contract entered into between the Commodity Credit Corporation and the grower, loans are made on the basis of 85 percent of parity; and in many cases the 85 percent of parity, which represented the loan of the Government to the grower, was above the market price of corn at the time the loan was made. The same thing is true of wheat; the same thing is true of cotton; in other words, when the Government of the United States, through the agency of the Commodity Credit Corporation, agreed to loan 85 percent of parity, and did make the loan, 85 percent of parity was above the market price at the time the loan was made.

Mr. DAVIS. Mr. President, can the Senator tell me how much the Government has loaned on cotton and wheat?

Mr. BARKLEY. I am coming to that, if the Senator will allow me.

So, Mr. President, in adopting and in carrying out this policy, the Government of the United States made loans on some of these commodities which were at the time greater than the prices which could have been received for the commodities if they had been put on the market for sale. In that very process the prices of the commodities were boosted, because whenever the Government of the United States announced that it was willing through the Commodity Credit Corporation to lend on any given product more than the product was bringing in the market, the natural result was to increase the price of the commodity in the market, and in that respect to benefit the growers of the product throughout the United States.

I stated that since 1933 the Commodity Credit Corporation had made loans on 1,100,000,000 bushels of corn. Under the terms of the loan contracts the Commodity Credit Corporation had the right to take over title and ownership to the corn of which I am at the moment speaking, if there were a default in the payment of a loan, without the requirement of going into court and foreclosing a mortgage. Of the 1,100,000,000 bushels of corn upon which loans have been made since 1933, the Commodity Credit Corporation has acquired title to and now owns approximately 300,000,000 bushels of corn.

Prior to January 1, 1941, perhaps none of this corn was sold, except odd lots and off-grade corn, and about 25,000,000 bushels sold to Great Britain in the sum-

mer of 1940. In 1941, however, about 135,000,000 bushels of corn were sold, including about 11,000,000 bushels shipped to Great Britain under the lend-lease program. Thus far in 1942 about 50,000,000 bushels have been sold, and 90,000,000 bushels are still owned by the Corporation. In addition to the corn owned by the Corporation, loans were outstanding on January 31, 1942, on approximately 250,000,000 bushels of corn.

Mr. President, I may say that as the result of this program of lending money, not my money or your money, not the money of a mythical old man with long whiskers here in Washington known as Uncle Sam, but the money of the American people, taxpayers of the United States, collected either through taxes levied upon them or through loans made in their names—through the processes of these loans and the defaults on them which resulted in the Government acquiring, or the Commodity Credit Corporation, as the agency of the Government, acquiring the title to the commodity involved, we now have on hand, to which the Government has title through the Commodity Credit Corporation, approximately 5,000,000 bales of cotton, approximately 90,000,000 bushels of corn, approximately 135,000,000 bushels of wheat. We have a quantity of barley, which is not involved particularly, we have flaxseed, rye, tobacco, turpentine, rosin, and other products upon which loans have been made, in regard to which defaults have occurred, which have resulted in the ownership of the commodities by the Commodity Credit Corporation.

We have passed a law with respect to cotton, providing that not more than 300,000 bales a month may be sold, and that not more than a million and a half bales a year may be sold, so that at that rate it would require practically 3½ years for the Commodity Credit Corporation to dispose of the 5,000,000 bales of cotton it now owns. Therefore it is impossible, as I see it, to dump the 5,000,000 bales of cotton on the market at any one time, or to dump them at all, or even to sell them in the orderly processes, assuming that the Corporation sold the maximum of 300,000 bales a month allowed by the law—it would be impossible for them to dump or sell, whichever term one may wish to use, more than 300,000 of the 5,000,000 bales of cotton owned by the Commodity Credit Corporation.

There was practically no sale of this cotton prior to January, and it so happens that fear was aroused, or created, or came over the cotton growers, and those who are friends of the cotton growers, among whom I number myself, which was the result of sales in January. What does that mean? The Corporation did sell 300,000 bales of cotton in January. Two hundred thousand of the 300,000 bales were sold at prices above parity, so there is no danger there, and, if it were enacted, the pending bill would not affect those 200,000 bales. Eighty thousand of the 300,000 bales the Corporation was permitted to sell were sold for export, and therefore those 80,000 bales would



not be affected by the proposed legislation, because the bill itself does not prohibit the sale of cotton below parity for export purposes. So that when we subtract 280,000 bales from the 300,000 maximum which could have been sold in January, we find that only 20,000 bales of cotton were sold at below parity, and those 20,000 bales were sold to go into the manufacture of cotton bagging, in lieu of jute and other products which are now being imported into the United States, the cotton bagging being for the use of the very cotton growers who were producing the cotton about which we are now talking. In other words, by the sale of 20,000 bales at a price below parity cotton farmers will be able to buy cotton bagging, which is necessary in the baling and marketing of cotton, at a cheaper price than they would have to pay for it if they were required to buy cotton bagging manufactured out of cotton sold at parity or above parity.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARKLEY. I am glad to yield.

Mr. McKELLAR. Under the law as it is now, and under the present administration of the law, does the Senator conceive that the Government could take a portion of this cotton and turn it over to manufacturers, and receive in return therefor cotton goods which are needed by the Government in national defense?

Mr. BARKLEY. That is a legal question, and a matter of legal interpretation of the power of the Commodity Credit Corporation respecting the manner of disposing of the cotton which it now owns. I should not like to express a categorical opinion as to whether they could, for instance, take all the 300,000 bales a month which they are permitted under the law to dispose of, turn it over to the War Department, or the Navy Department, or to any other department of the Government, and have it manufactured into cotton cloth for the use of the Army or the Navy or for any other defense purpose. Without looking into the legal question a little further, I should not like to give the Senator an opinion as to that. I will say, however, that I doubt that the Commodity Credit Corporation either would or could by devious route circumvent the law itself which Congress has enacted, which the Corporation has been observing up to now, and which I have no doubt it will continue to observe, in order in a surreptitious manner to dispose of cotton which it could not otherwise dispose of, although much might be said in behalf of using the cotton for which the Government has paid, and which it now owns, for purposes of manufacturing a commodity which the Government itself may need, notwithstanding the fact that that might take the Government out of the market for that much cotton, if it had to go into the open market and buy it.

Mr. McKELLAR. If the Corporation proceeded in that way, would the Senator think the amount of cotton so used would have to be deducted, under the law, from the 300,000 bales?

Mr. BARKLEY. That is my present opinion.

Mr. McKELLAR. I agree with the Senator.

Mr. BARKLEY. In other words, that they could not take advantage of an emergency situation to dispose of more of the cotton than they are permitted under the law to dispose of, which would be a maximum of 300,000 bales a month, or not to exceed a million and a half bales a year.

Mr. McKELLAR. Can the Senator tell us whether anyone connected with the Commodity Credit Corporation or with the Department of Agriculture has in view an exchange of this kind? It has been constantly stated in the press and elsewhere, probably on the floor of the Senate yesterday, that there is proposed a program of that sort. That is something which concerns me very much.

Mr. BARKLEY. I will tell the Senator that all I can say on this subject is that I have talked to the Secretary of Agriculture and the Under Secretary of Agriculture, Mr. Appleby, and also Mr. J. B. Hutson, who has for many years been one of the high officers engaged in the administration and the working out of the agricultural program, and none of those gentlemen have intimated to me that there is any such program in contemplation.

That is the situation with respect to cotton. Let us now consider corn. I said a while ago that the Commodity Credit Corporation had in the period since 1933 made loans—

Mr. McKELLAR. Mr. President, before the Senator leaves the particular subject he has been discussing, will he yield to me?

Mr. BARKLEY. I yield.

Mr. McKELLAR. If I recall correctly, it was stated on the floor of the Senate yesterday, or perhaps a quotation was made from a message of the President, to the effect that it was the purpose to exchange Government-owned cotton for cotton goods.

Mr. BARKLEY. I was not present when such statement was made. I have not seen any statement to that effect. I would not say that it was not made, but it has not come to my knowledge.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me at that point?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. A few days ago, when the Secretary of Agriculture was before the Committee on Agriculture and Forestry, this matter was discussed at some length, and the Secretary told the committee that he was advised by his attorneys, some of whom were present, that it is a debatable question and that the Department hoped, as I understood, that the law would permit them to exchange cotton as well as to sell, but that nothing had been done, that the matter was under consideration.

On Monday of this week, when the large appropriation bill was before the committee, I called a certain general in the War Department—I will not mention

his name, but if any Senator wants it, I shall give it to him—and asked him whether his Department was considering this matter. He said that it was under consideration by the War Department and by the War Production Board, but that, so far as he knew, no decision had been reached.

Mr. BARKLEY. Mr. President, I thank the Senator from Oklahoma. That is the understanding I had, that it has been under consideration. Of course, a great many things are always under consideration in all the departments, and especially at a time such as this, but that does not mean that action is going to be taken. One cannot predict what will be done; but I will say that, in fairness to the Government of the United States and to the people of the United States who have furnished the money with which to buy this cotton, through loans that were defaulted, if the Government of the United States needs in its Army and Navy certain things that can be made out of cotton, it would be an anomalous situation to deny to the Government the right to use its own cotton to make the things, and require it to go out into the open market and buy what it already has, in order that it might produce the finished products which are so necessary.

Mr. McKELLAR. Mr. President, I can understand that situation, and I am rather inclined to think that the Senator from Kentucky is correct in his position; but to my mind that is not the question. If it were sold at not less than parity, I think the Government would be entirely within its rights.

In order to clear up the question as to whether the matter is being considered, I read from the text of the statement which the President made in signing the emergency price control bill. I quote as follows from it in regard to this matter:

I also should like to call attention to the fact that I am requesting the departments of the Government possessing commodities to make such commodities available to other departments in order to aid our war effort. This request primarily will affect the cotton stocks of the Commodity Credit Corporation and will permit such stocks to be utilized directly or by exchange in the production of war goods. Such transfers will be in addition to the quantities which are now available for sale. The request will also include grain and other commodities which may be needed by the departments concerned.

So apparently it is a matter which is being determined, and that is what gives me concern. It seems to me that if assurance had been given that in the making of these exchanges the law regarding parity prices would not be interfered with and that the transfers or exchanges would be made at parity prices, such assurance would have been sufficient; but assurance is not given us.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TYDINGS. Simply listening to the debate and not knowing much about the subject matter, as is true of a great many Members of the Senate, particularly those who are not on the Committee

on Agriculture and Forestry, I am somewhat confused by the situation now presented. The Government acquired cotton and other commodities as a means, or, at least, with the intention, of raising the price of cotton and other commodities at a time when cotton and other commodities were selling at a very low figure.

Mr. McKELLAR. Below the cost of production.

Mr. TYDINGS. Below the cost of production. Obviously the Government could not turn right around and sell the commodities without destroying the very objective for which the initial action was taken. As the cost of the commodities rises I think we are faced with this problem: If the Government does not dispose of these commodities when the price is high it can never dispose of them at all. Naturally the Senator from Tennessee wishes that they should be so disposed of, even in the time of high prices, as not to result in injury to the general producers, but my contention is that unless we can find a way to dispose of the cotton now on a high market, or the other commodities on a comparatively high market, whatever the mechanics may be, we are faced with the alternative that we can never dispose of these commodities.

Mr. McKELLAR. The Senator is correct, and, of course, I do not disagree with him at all.

Mr. TYDINGS. It is a question of mechanics.

Mr. McKELLAR. I think this is a very good time to dispose of the commodity, but in order to carry out the intent of the Congress in passing the law the commodity ought to be disposed of at this time without detriment to the producers in whose interest the law was passed. I agree with the Senator from Maryland that the commodity ought to be sold, and sold really as rapidly as possible.

Mr. TYDINGS. Not only cotton—

Mr. McKELLAR. Not only cotton but all commodities should be sold in that way; that is perfectly correct; but in doing so let us not injure those for whose benefit the law was passed.

Mr. TYDINGS. That is perfectly understandable. If the Senator will permit, I will state to what I was trying to direct my thoughts. As I understand the proposed legislation, it is designed to prevent the sale or utilization of this cotton in ways that might unnecessarily injure the producer. It seems to me that if we could evolve—I cannot do it; those who are familiar with cotton and the other commodities are probably better able to do so—but if we could evolve a program providing how to dispose of the commodity rather than a program providing how not to dispose of it, I think we would probably handle the problem in the most efficient manner. As I have heard the debate—I may be entirely wrong—all those who have spoken have tried to suggest ways to keep the commodity from being released so that it will not injure the farmers.

Mr. BANKHEAD. Mr. President, I hope the Senator understands the situation. There is no objection to the commodity being released.

Mr. TYDINGS. There is no objection to the commodity being disposed of?

Mr. BANKHEAD. No; but we do not want it done in a way that will break the parity price. Let me ask the Senator from Maryland a question: Does he not feel sure that as time passes the prices are inevitably going up?

Mr. TYDINGS. I think so.

Mr. BANKHEAD. And that the Government is not going to lose any money by not selling the cotton now at a price below parity?

Mr. TYDINGS. I think the Senator is correct.

Mr. BANKHEAD. If the Corporation continues to hold it and not sell it below parity price, the time will come shortly when it can sell it at a price substantially above parity.

Mr. TYDINGS. I think the Senators who represent the cotton States are amply justified in trying to find ways even then by which the cotton may be fed into the market with the least possible harm.

Mr. McKELLAR. The Senator from Maryland is entirely correct in that statement.

Mr. TYDINGS. I believe the Senator has made a proper suggestion along that line. Here is a department of the Government which may need the cotton, and it seems to me that the cotton which could be utilized could very properly, under reasonable safeguards, be handed over to that department. Simply from listening to the debate I am not quite clear with respect to the situation.

I wish to cooperate in every way I can to achieve the general objective; but I should like to see at least some alternative proposal made under which eventually the commodity could be fed into the market without injuring the farmer unnecessarily.

Mr. BANKHEAD. The law provides, as I think the Senate understands, that 300,000 bales a month may be sold, with a limit of 1,500,000 bales a year.

Mr. BARKLEY. But it could not be sold under the provisions of the bill for less than parity, and the parity price fixed in the bill does not include benefits which have been paid by the Government to growers, which benefits make up the difference between the market price and parity, and which the farmers have received or are eligible to receive if they participated in the program. If they did not, of course, that was their misfortune or their fault. They had a right to become parties to the program.

Mr. BANKHEAD. As I see it, the effort is to hold the price down, not keep it up. The law requires that the receipts from the sales of commodities owned by the Government shall go to the Treasury.

Mr. BARKLEY. The bill provides that the receipts from sales of all commodities owned by the Government shall be turned into the Treasury.

Mr. BANKHEAD. The Agricultural Adjustment Act of 1938 requires the proceeds from the sale of cotton to be paid into the miscellaneous receipts of the Treasury.

Mr. BARKLEY. As I understand, the Commodity Credit Corporation uses the proceeds from its sales, if any, to pay off any notes or obligations it has incurred in borrowing money. It has no money of its own. It must issue its obligations to obtain it. In that respect it is like the Reconstruction Finance Corporation and other agencies.

Mr. BROWN. Its capital is supplied by the Reconstruction Finance Corporation.

Mr. BARKLEY. Yes; its capital is supplied by the Reconstruction Finance Corporation; it is a subsidiary. However, it has been using the proceeds from sales to pay off, insofar as possible, the obligations which it has incurred in borrowing money to enable it to carry out the program. The bill now under consideration would require that that money be turned into the general fund of the Treasury. The corporation could not discharge its obligations without an appropriation from Congress authorizing it to do so.

Mr. BROWN. The Senator is correct about that. I wished to observe, for the information of the Senator from Maryland [Mr. TYDINGS] and along the line of his statement, that at the present time there is a loss of \$170,000,000 carried on the books of the Commodity Credit Corporation. That has been reduced by appropriations. If, however, we were permitted to sell the corn, wheat, and cotton today—all the cotton could not be sold, because the sale of cotton is limited by the restrictions to which the Senator from Alabama has referred—or if we should value those commodities at the present market, we should come out just about even and make up the \$170,000,000 loss which has been on the books.

Mr. BANKHEAD. If we wait a little while, we can make a profit.

Mr. BROWN. The point in my argument yesterday was that what the Senator from Alabama says may be true; and yet it may not be true, because we do not know which way things are going. The purpose of my amendment is to assist in keeping the Commodity Credit Corporation solvent, as I think Government corporations should be.

Mr. BARKLEY. In order that we may have before us at the moment what the bill does, let me read a few lines from the heart of it:

That hereafter no agricultural commodity, title to which is in the Commodity Credit Corporation on the date of enactment of this act, or title to which is acquired, directly or indirectly, by such Corporation after such date, shall be sold or otherwise disposed of by such Corporation for use within the United States at a price below the parity price for such commodity determined and published by the Secretary of Agriculture as authorized by law.

In other words, regardless of any benefit payments by the Government, which must come out of the taxes levied on all



the people, the Commodity Credit Corporation could neither sell nor otherwise dispose of any of the commodities now owned by it or hereafter acquired by it at a price less than parity, which disregards entirely whatever has been paid as benefits to the growers of those products out of the Treasury of the United States. Let me say while I am on that phase of the subject that it is for that reason chiefly, and for one or two others, that I expect to support the amendment offered by the Senator from Michigan [Mr. BROWN], which, in effect, provides that the Commodity Credit Corporation may not dispose of the commodities it now owns for less than the combined market price plus the benefits given to the growers by the Government. In some cases even now the market price is above parity.

Mr. TYDINGS. That would make the Government whole.

Mr. BARKLEY. Yes; it would make the Government whole.

Mr. BANKHEAD. It might result in further loss.

Mr. BARKLEY. In some cases it might result in a slight profit to the Government; and in some cases it might result in a loss.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. GILLETTE. I dislike to go over the same field again and again; but the Senator has referred to the conservation payments as a part of the income of the farmer. The conservation payments are paid to the individual farmer for compliance with rules and regulations on his farm.

Mr. BARKLEY. Yes.

Mr. GILLETTE. They are to compensate him for taking acreage out of production.

Mr. BARKLEY. That is correct.

Mr. GILLETTE. Such payments have no more reference to the market price or to farm income than they have to the price of peanuts in Siam. They compensate the farmer for complying with the rule on his farm.

Mr. BARKLEY. A rule enjoined by the Government through cooperation with the farmers under an act of Congress designed to pay the farmer for pursuing a course which will benefit him.

Mr. GILLETTE. Yes.

Mr. BARKLEY. I am for that program. For years I believed that some assistance should be extended to the owners of agricultural lands in this country to enable them to improve their lands and to save them from waste and destruction by soil erosion. Ever since I can remember, I have everywhere preached the doctrine that, as population increases in this country, every acre of land must support more people each year than it did the previous year; and that unless we halt the waste of soil by erosion and negligence, the time may come when the people of the United States will not be able to support themselves on their own land.

We have inaugurated this program for the benefit of individual farmers who

participate in it, and for the benefit of future generations; and we have paid them for it while we were doing it, all of which I favored and supported. Nevertheless, such payments go into the income of the farmer each year. I agree that they do not go into the price of his agricultural products.

Mr. GILLETTE. We say to him, "If you do not produce your crop on a certain acreage, we will try to compensate you for taking that much out of the general production."

Mr. BARKLEY. That is true; but, even though it is separate, in a way it is part of the same program; and the payments go into the income of the man who owns the land.

Mr. GILLETTE. They compensate him for income of which he deprives himself. They have no relation to the price structure.

Mr. BARKLEY. In the long run, it is a question whether he is depriving himself of anything by improving his own farm and being paid by the Government of the United States to do so.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McKELLAR. The payments under the soil-conservation program and other payments going to the farmers are not mentioned in the Parity Payment Act. They are not a part of it. The acts were separate, as I recall.

Mr. BARKLEY. That is correct.

Mr. McKELLAR. They were entirely separate acts, and cannot be taken into consideration in either fixing the prices of parity or administering the parity prices.

Mr. BARKLEY. I agree to that; but it is all part of the agricultural program which we adopted a good many years ago.

Mr. BROWN. Mr. President, will the Senator yield to permit me to clear up that point? I think this would be a good time to do it. I shall not consume more than 3 or 4 minutes.

Mr. BARKLEY. I yield to the Senator.

Mr. BROWN. This amendment was prepared by the vice president of the Commodity Credit Corporation. Officials of the Corporation and of the Department have in their own minds no doubt about their ability to calculate both the conservation and parity payments in the make-up of this limitation. They give me this statement:

This amendment provides that the parity and conservation payments made with respect to a commodity shall be taken into consideration in determining the minimum price at which commodities held by the Commodity Credit Corporation may be sold. Under this amendment the minimum price at which commodities could be sold by the Commodity Credit Corporation would be the parity price less the rate of the parity and conservation payments made in connection with the acreage allotments established for the crop of such commodity harvested in the calendar year in which the then current marketing year began. For example, in the case of wheat, under this amendment the minimum price at which the Commodity Credit Corporation could make sales at the present time would be at a price equivalent to a farm

price of 111.1 cents per bushel. This minimum sales price would be determined by subtracting from the current parity price (129.1 cents per bushel as of January 15, 1942) the parity and conservation payments (18.0 cents per bushel) made in connection with the acreage allotments for the 1941 wheat crop. The rate of these payments is definitely known at this time and in fact most of the payments on the 1941 allotments have been made. After July 1, 1942, the beginning of the 1942-43 wheat marketing year, the minimum price at which the Commodity Credit Corporation could sell wheat would be the then current parity price less the rate of the parity and conservation payments made in connection with the acreage allotments established for the 1942 wheat crop. The rate of these payments will be known prior to the beginning of the 1942-43 marketing year. Under this amendment sales by the Commodity Credit Corporation would not prevent a producer from receiving a parity return on his crop since the minimum sales price at any time, plus the parity and conservation payments made in connection with the acreage allotments for the crop being marketed at that time, would be at least equal to parity.

I supplement that statement by saying that those gentlemen are charged with administering the Commodity Credit Corporation. They would be charged with administering the proposed act, as it is sought to be amended. They are satisfied that they can do it. They are satisfied that they can calculate the minimum or limitation which is established by the Bankhead bill. I myself fail to see why the payments cannot be calculated in their relationship to wheat, corn, tobacco, or any other product. The Department says it can do it. I think we can accept the word of the Department.

Mr. BARKLEY. Mr. President, let me go further with submitting the facts with respect to three crops—cotton, corn, and wheat. I have already stated that the Commodity Credit Corporation has acquired about 300,000,000 bushels of corn. None of that corn was sold prior to January 1, 1941, except for some odd lots and off-grade corn, and about 25,000,000 bushels sold to Great Britain in the summer of 1940.

In 1941, however, about 135,000,000 bushels of corn were sold, including about 11,000,000 bushels shipped to Great Britain under the lease-lend program. Thus far in 1942 about 50,000,000 bushels have been sold and 90,000,000 bushels are still owned by the Corporation. In addition to the corn owned by the Corporation, loans were outstanding on January 31, 1942, on approximately 250,000,000 bushels of corn.

The price at which corn is being sold by the Corporation at the present time—

That is, as of February 21, last Saturday—

is equivalent to 85 percent of parity. The parity price of corn, as of January 15, 1942, was 93.7 cents per bushel and the average price at which corn is now being sold is equivalent to about 80 cents per bushel on a farm-price basis.

Of course, that statement confirms my suggestion that we cannot really separate the programs; they are all a part of the program to aid agriculture.

Under the 1941 parity and conservation program, cooperating corn producers received payments totaling 14 cents per bushel.

These payments when added to the price at which corn is being sold by the Corporation provide a per-bushel return equal to the parity price of corn.

In other words the parity price of corn is 93.7 cents a bushel. The price at which the corn owned by the Commodity Credit Corporation has been sold, plus the payments to the farmers, is 94 cents a bushel, which is slightly above the parity price.

Sales of corn by the Corporation, therefore, are not preventing cooperating producers from receiving a parity return per bushel of corn produced in 1941. Furthermore, this per-bushel return on the relatively large crop of corn produced in 1941 provides producers with a parity income with respect to corn.

This is a statement which was sent to me. I asked the Department of Agriculture for the facts with reference to the production, sale, and prices especially of corn, wheat, and cotton. The statement continues as follows:

On the other hand, the sales policy being followed by the Commodity Credit Corporation with respect to corn and with respect to wheat for feed is making feed available to the producers of livestock products at a price which encourages these producers to increase their production of the concentrated food products that are most needed in the prosecution of the war. Even with present feed prices, however, some dairymen and poultrymen are finding it difficult to produce milk, eggs, and chickens profitably, and an increase of as much as 15 percent in the price of feed grains, which probably would result from the enactment of this bill, may reduce substantially the production of these commodities. The final result, of course, will be higher prices for milk, eggs, butter, and other livestock products.

I may say in that connection, Mr. President, that while in our debates and our conversations here over this subject we talk about the producers of wheat and cotton and corn as being farmers, we might well at the same time keep in mind the fact that the producers of livestock are farmers, and frequently they are the identical farmers who produce the commodities about which we are talking so much. In my own State tobacco is grown extensively. We are making no complaint about the price of tobacco, and the pending bill would not help the tobacco growers. At this year's market tobacco has brought parity prices and prices above parity. The pending bill would not be of any benefit to our tobacco growers. They have received the prices I have mentioned.

Mr. BANKHEAD. Mr. President, will the Senator yield to me so that I may ask a question?

Mr. BARKLEY. I will yield in a moment. The farmers have received these prices for tobacco this year largely as a result of the program which has been adopted by the Government of the United States and by the Congress of the United States in dealing with that commodity; but, as I was about to say, men who produce tobacco in my State also produce wheat, they produce corn, they produce livestock, and some of them whose farms are located along the border between the State of Kentucky and the State of Ten-

nessee produce even cotton. So when we talk about farmers we cannot afford to overlook the fact that the growers of livestock—whether it be beef cattle or swine or sheep—and the producers of butter, milk, and poultry are farmers no less than the men who produce the commodities which are uppermost in our minds during our discussion in regard to the pending bill.

I yield now to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, the Senator from Kentucky referred to tobacco. I note from the statement prepared by the Commodity Credit Corporation that the Government now owns 277,499,111 pounds of tobacco. In addition, it has loans totaling \$11,566,521 on a large quantity of tobacco. With respect to the latter figure, 4,713,195 pounds of tobacco are held as collateral for the loans. If the Government were to dump all that tobacco on the market, I am wondering whether the producers of tobacco would thereafter occupy the happy position they now occupy with reference to receiving prices above the parity price.

Mr. BARKLEY. I will say to the Senator from Alabama that the loans made by the Commodity Credit Corporation on tobacco have been made largely on what is called the dark-fired type of tobacco. The loans have been made over a period of years to the tobacco growers' organizations. There is one such organization called the Western Kentucky Dark-Fired Tobacco Association, and in Tennessee there is a similar organization, which goes by another name. Its headquarters are in the city of Clarksville. They are two separate organizations. In normal times 85 percent of the crop of that type of tobacco found its market in Europe. It was an export commodity. Only about 15 percent of it was used domestically in the United States. Because of the difficulty of marketing that type of tobacco in Europe it became necessary for farmers' organizations and farm associations to take over large quantities of the tobacco and to hold it off the market. In order to do so they had to have help from the Government, and they came to Washington and asked for help. The senior Senator from Tennessee [Mr. McKellar], the junior Senator from Tennessee [Mr. Stewart], my colleague from Kentucky [Mr. Chandler], and I, and others have been very anxious and disturbed about that situation, because the European conditions destroyed a very large market for the dark-fired tobacco grown in west Tennessee and in west Kentucky.

Mr. BANKHEAD. As they did with respect to cotton.

Mr. BARKLEY. Yes; as they did with respect to cotton; that is true. That period runs back as far as 1932 and 1933. During that period these loans were made. At this time loans are outstanding on 61,143,000 pounds, and because of the default in the payment of loans the Corporation owns 277,000,000 pounds which it can sell. But, of course, the selling of the tobacco depends upon the market.

Practically speaking, there is no market for the domestic consumption of that tobacco; and it would be of no benefit whatever to sell the tobacco on the American market now. It has been possible to divert a certain portion of the tobacco for the manufacture of nicotine, which is a commodity used in the United States. But 277,000,000 pounds is still on hand, held in the name of the Commodity Credit Corporation; and, in spite of the unfavorable conditions, I will say that this year the market price for tobacco of that type and of the higher-priced types was reasonably satisfactory. That has not been true, however, until the season of 1941-42.

Mr. BANKHEAD. I am sure the Senator understands that my question was not asked in any critical way.

Mr. BARKLEY. Oh, no; I understand and I appreciate that fact.

Mr. BANKHEAD. I am fully as sympathetic with the problems in regard to tobacco as I know the Senator from Kentucky is in regard to the problems in regard to cotton.

Mr. BARKLEY. That is true; and the Senator from Alabama has been very friendly. I appreciate that, and I think the Senator from Alabama can say that we who come from the tobacco-growing States have likewise cooperated in behalf of cotton.

Mr. BANKHEAD. There is no doubt of that; and I hope the Senator does not think I was criticizing.

Mr. BARKLEY. No; I appreciate the Senator's position.

Mr. BANKHEAD. The Senator has not very satisfactorily answered my question. It is this: With the loss of markets for tobacco, if a large portion of the crop were dumped on the market, what would be the effect on the price received? How would it compare with parity?

Mr. BARKLEY. The figures I have before me give the outline of the Commodity Credit Corporation's program from April 1, 1941, to January 31, 1942. The tobacco season for this type of tobacco did not close until a day or two ago, and I am not able at this moment to say how much of the tobacco held by the cooperative associations or by the Commodity Credit Corporation has been sold at market prices during the last 2 or 3 months, beginning in December.

Mr. President, I think it might be well to have printed in the Record at this point, as a part of my remarks, a table giving a summary of the programs of the Commodity Credit Corporation from April 1, 1941, to January 31, 1942, including barley, corn, cotton, flaxseed, rye, tobacco, wheat, turpentine, and rosin, showing the quantities of various commodities now under loan, the quantities owned by the Commodity Credit Corporation, the total of the two items of quantities under loan and quantities owned, the total book value, and various other figures regarding these crops. I ask that the table be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:



Commodity Credit Corporation summary of programs, Apr. 1, 1941, to Jan. 31, 1942

	Outstanding Jan. 31, 1942 <sup>1</sup>				Liquidation since Apr. 1, 1941			Loans made on 1941 crops	
	Quantities			Total book value	Redeemed	Sold	Average sales price	Quantities	Average loan
	Under loan	Owned	Total						
Barley.....bushels..	15,823,000	73,000	15,896,000	\$6,317,000	6,656,000	13,000	\$0.60	16,855,000	\$0.40
Corn.....do.....	249,655,000	<sup>2</sup> 144,639,000	394,294,000	277,964,000	113,000,000	97,000,000	.80	68,775,000	.73
Cotton.....bales..	1,858,000	<sup>2</sup> 5,438,000	7,296,000	454,515,000	4,310,000	737,000	\$2.00	1,909,000	70.00
Flaxseed.....bushels..	677,000		677,000	1,128,000	26,000			703,000	1.67
Rye.....do.....	3,067,000		3,067,000	2,247,000	2,777,000	1,132,000	.60	2,361,000	.50
Tobacco.....pounds..	61,143,000	277,499,000	338,642,000	\$2,847,000	41,193,000	125,000,000	.23	108,000,000	.23
Wheat.....bushels..	350,675,000	<sup>2</sup> 167,432,000	518,107,000	494,573,000	100,000,000	<sup>2</sup> 23,000,000	1.00	353,863,000	.98
Turpentine.....gallons..					4,549,000				
Rosin.....barrels..	745,000		745,000	8,784,000	719,000			133,000	11.86

<sup>1</sup> Per statement of loans and commodities owned.<sup>2</sup> Includes quantities in process of sale. After deduction of sales in process, owned stocks would be approximately as follows: Cotton, 5,000,000 bales; corn, 90,000,000 bushels; wheat, 135,000,000 bushels.<sup>3</sup> Derived from dollar amount of sales proceeds.

Mr. BARKLEY. Now, let me continue the discussion with respect to corn.

Mr. STEWART. Mr. President, before the Senator resumes his discussion, will he yield to me?

Mr. BARKLEY. I yield.

Mr. STEWART. I desire to ask a question concerning the workability of the amendment. The Senator from Michigan [Mr. BROWN] introduced the amendment. If the copy which I have of the amendment is a correct copy, it is made to read in substance as follows:

The Commodity Credit Corporation, after the date of the passage of this act, shall not sell any of the commodities acquired by it, as to which it has obtained title, below parity price—

And so forth—

less the rate of the parity and conservation payments made in connection with the acreage allotments established for the crop of such commodity harvested in the calendar year in which the then current market-year began.

What I do not understand is how that would be workable, and how, as a practical matter, it could be made to apply. I have not understood that each bale of cotton which originally goes into a loan and to which later title may be acquired by the Commodity Credit Corporation is identified as having come off the farm of a certain individual who might or might not have availed himself of conservation payments or in any way cooperated in the conservation program. Therefore, I do not see how the calculation can be made.

Mr. BARKLEY. The amendment suggested yesterday by the Senator from Michigan provided that the Corporation could not sell these commodities at a price less than—

Mr. STEWART. The rate of parity and the conservation payments.

Mr. BARKLEY. Less than the market price, plus the benefit payments; in other words, the two would have to be added together. The objection was made that that would not work because it might apply to crops which are on hand and which were grown in 1936, 1937, 1938, 1939, and 1940; but I understand the Senator from Michigan has changed his amendment in order to meet that objection. The substance of the amendment, as I understand it—and I would not want to explain the amendment of the Senator from Michigan in preference to his doing it himself—but, as I understand, the ob-

ject of it is to bring about as nearly as possible in the year in which the crop is being sold consideration of price, plus the benefits, in order to arrive at a figure below which the Commodity Credit Corporation may not sell any of the commodities it holds. If I am in error about that, I will ask the Senator from Michigan to correct me.

Mr. BROWN. The Senator from Kentucky accurately describes the situation. I may say that about 15 minutes ago I stated the situation as I saw it. After criticism of the Senator from Ohio and the Senator from Iowa and others made of the amendment I took the matter up with the vice president of the Commodity Credit Corporation, who assured me that under the original amendment, which the Commodity Credit Corporation officially drew, as well as under the amendment which is slightly modified, the conservation and parity payments could be calculated, that they have heretofore been calculated and could be calculated under the Bankhead-Gillette bill.

The figures which I gave yesterday on the subject matter with which the Senator from Tennessee is very familiar in the case of cotton are typical. The figures, as they appear in the RECORD, are these: The Commodity Credit Corporation sales price on cotton was 18.10 cents; that is the price at the farm. The current parity price happens to be identical, 18.10; the payments which were made during the preceding fiscal year were 2.75 cents, making 20.85 cents a pound as being the present limitation on the sale of cotton by the Commodity Credit Corporation. That limitation being above parity of 18.10 cents, under my amendment cotton could be sold by the Commodity Credit Corporation. If it were not for my amendment, which calculates in addition to the market price 2.75 cents by way of benefit payments, cotton could not be sold, because its price is just at or just under parity.

As to how these matters can be calculated, I have not at hand sufficient information of the mathematics of the conservation payments and parity payments to state to the Senator, but I can state that the experts of the Commodity Credit Corporation, the experts of the A. A. A., and the Agricultural Department itself are satisfied that they have heretofore made calculations, and they can make calculations under this amendment which would ascertain this limitation by the sum of the market price, plus the

parity and conservation payments, to make a total limitation, as fixed in the Gillette bill, as proposed to be amended by my amendment.

Mr. STEWART. I thank the Senator, but I still am unable to understand how the provision would be workable. It is not the Senator's fault; but at the same time, even if the experts of the Commodity Credit Corporation can work it out, if the price of cotton, as the Senator illustrates, is 18.10 cents, and the value of the conservation payments is 2.75 cents, it simply means that the cotton would sell at 18.1 cents, less the average payment of conservation and other benefits, which should be 2.75 cents. It is a matter of mathematics and would be only 15.35 for the cotton, I believe.

Mr. BROWN. It would not mean that the Corporation would sell at that price; it would mean that the limitation in the bill would not be operative.

Mr. STEWART. Would not the effect of it be to deprive the farmers, at any rate, of the soil-conservation payments?

Mr. BROWN. Oh, no; I could not follow the Senator's statement in that respect. It would simply mean, taking the view of the Senator from Alabama and the Senator from Iowa, that the price at which the Commodity Credit Corporation could sell might be such as would depress the price of cotton slightly below parity, but not below parity considering conservation and benefit payments and market price.

Mr. STEWART. Of course it is not applied only to cotton, but to every other class of agricultural products which may be held by the Commodity Credit Corporation.

Mr. GILLETTE. Mr. President—

Mr. BARKLEY. I should like to proceed, for I have taken more time than I had intended, but I will yield to the Senator from Iowa.

Mr. GILLETTE. I thank the Senator. I hope not to interrupt him again, and I promise not to do so again, but in connection with the discussion just had between the Senator from Tennessee and the Senator from Michigan, may I read the provision under which the loan is made on cotton:

The Corporation is directed to make available to cooperators loans upon cotton during any marketing year beginning in a calendar year in which the average price on August 1 of seven-eighths Middling spot cotton on the 10 markets designated by the Secretary is below 52 percent of the parity price of cotton on such date.

The parity price of cotton which the Senators are trying to figure in connection with the amendment is the parity price now in 1942, and they are trying to tie in conservation payments made for compliance last year and on a parity price as of the date the loan was made on the cotton. In the amendment it is stated, "in which the current marketing year began," although the law requires parity to be fixed on the 1st of August, when the relationship of the loan to parity and price comes into play. What the amendment proposes is, in my opinion, simply a mathematical impossibility.

Mr. BARKLEY. Mr. President, let me further elaborate briefly what I was saying about corn. In the first place, the sales program of the Commodity Credit Corporation, so far as corn and wheat are concerned, is largely based upon the desire to feed the corn and even the wheat to producers of livestock. We can well understand what will happen to producers of livestock if they are required to pay 15 percent more for feed corn. We know that livestock are produced and fed and marketed according to the market price of the livestock. The ability of any producer of livestock to produce cattle or hogs or sheep at a reasonable profit depends upon the price which he must pay for feed. Most of them must buy the feed; they do not produce it; and many of them buy feed in large quantities.

Now, the Commodity Corporation sales program on corn has been largely limited to the sale of corn for the purpose of feeding livestock and also for the production of industrial alcohol. That question was raised a while ago. I might at this moment state that in peacetime the use of corn in the production of industrial alcohol is inconsequential. Today two and a half million bushels of corn a month are being used in the production of alcohol necessary in the conduct of the war and from the two and a half million bushels of corn sold 5,500,000 gallons of alcohol a month, or 66,000,000 gallons a year, are being produced to add to the industrial-alcohol production of the country.

In order to further supplement feed supplies, in addition to corn, for the production of livestock, the Commodity Credit Corporation has sold 100,000,000 bushels of wheat at approximately corn prices. Much of this wheat has been shipped to the Pacific coast, where the growers do not produce sufficient wheat and corn together to feed their livestock. They have to ship it in. Of course, they could not pay wheat prices for wheat produced in the Middle West and pay transportation charges on it in order to get it out to California, Washington, Oregon, and other Pacific coast States for the purpose of producing feed for livestock.

Under the pending bill the Commodity Credit Corporation could not sell below parity a bushel of wheat to be used in the United States for any purpose.

What are the facts about wheat? The wheat about which I was just speaking is being sold in deficit corn-producing areas, that is, in areas where there is a deficit of corn production for the feeding of livestock, and it is being sold at a price comparable to the price of corn, as it must be. Any wheat sold under this

program must be used only for feed. The contract entered into between the seller, the Commodity Credit Corporation, and the purchaser, stipulates that it must be used for feed, and therefore it does not come in competition with wheat that is being used for the production of flour.

Mr. President, if we are willing to admit that every man who produces livestock in the form of cattle, hogs, or sheep is a farmer, and that the production of livestock and meat is essential at this time, and that there is a drive on in the country to stimulate the production of livestock, we are bound to conclude, it seems to me, that the sale of this wheat owned by the Government of the United States, paid for by money out of its Treasury put there by the taxpayers, is in the interest of a group of farmers who are no less important than are those engaged in the production of other commodities; in other words, it is for the benefit of the producers and growers of livestock who are depended upon to produce the meat which we need now in this great emergency.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. As I saw the quotations yesterday, hogs were selling at 13 cents and corn was selling at 72 cents. The usual relation, as I understand, is about 10 to 1; so that if the present relationship is maintained, and if the Department holds corn down to 72 cents, a wholly unreasonable profit will be given to the raisers of hogs. The relationship is entirely out of line.

I received a letter this morning from hog raisers in Ohio, who said that the price of corn could well rise, so far as they could see, with the price of hogs as it is at present, to a dollar, without in any way being out of line, or increasing the price of hogs, or making the raising of hogs unprofitable.

Mr. BARKLEY. The parity price of corn as of January 15 was 93.7 cents a bushel, and the average price at which corn is now being sold is 80 cents a bushel, not 72. Of course, although it might not be true of some individual farmer who sold corn, the program now being carried out by the Commodity Credit Corporation affords to the producers of corn as a whole 94 cents a bushel, although a part of the price comes out of the Treasury of the United States.

Mr. TAFT. I am quite prepared to vote for the Brown amendment, but it seems to me that the policy proposed of holding down all feed crops is one which discriminates against the raisers of those crops, and gives an undue profit to others.

Mr. BARKLEY. It is not a policy of holding down the prices of all products. Some of the wheat and some of the corn goes into areas of the country where the growers do not produce enough to feed their own stock, and to the price paid for it must be added the cost of transportation, which of course goes into the price of the finished product of the hog, the cattle, or the sheep.

Now let us see about wheat. Wheat is being offered for sale in regular commercial channels at the present time on

the basis of a minimum price of \$1.32 a bushel for No. 2 wheat in storage at Chicago. The Chicago price is comparable with an average farm price of about \$1.15 a bushel. Payments on wheat under the 1941 parity and conservation programs totaled 18 cents a bushel. Those payments, plus the current minimum sales price, equal a per-bushel return of \$1.33, as compared with the current parity price of wheat of \$1.29. In other words, adding the Chicago price of \$1.32 a bushel, or the farm price of \$1.15, to the 18 cents paid by the Government in the form of conservation and benefit payments, results in a price of \$1.33 a bushel to the grower, as compared with a parity price for wheat of \$1.29.

Mr. President, in view of these facts, which I do not think can be disputed, because they are taken from the statements and records of the Department of Agriculture, it seems to me that we cannot justify the proposed legislation on the ground that the program now in operation is detrimental to the producers of wheat, corn, and cotton.

There is another program to which the attention of the Senate was called this morning in the letter of the President. The discontinuance of the sale of wheat for feed will not only contribute to a higher price for feed but will also make more difficult a very tight storage situation. This is another matter which I think the Congress should consider. With a prospective carry-over of 600,000,000 bushels of wheat, there will be a relatively small amount of elevator space available for the 1942 crop, and much of it may have to be piled on the ground.

With 600,000,000 bushels carried over, and considering the prospective yield of wheat in 1942, both spring and winter wheat, there probably will not be enough storage space in the United States, or the wheat will have to be dumped on the ground at the time it is being threshed, which, in my judgment, will do more to drive down the price of wheat to the grower of wheat on the farm than the program now in operation by the Commodity Credit Corporation.

The use of 100,000,000 bushels of wheat for feed prior to the 1942 wheat harvest would greatly improve the grain-storage situation. Any release of existing storage facilities will work to the advantage of wheat growers in selling the 1942 crop, since, without storage facilities, the quantity of wheat that could be put under loan would be curtailed, and buyers would not purchase wheat except at greatly reduced prices.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AIKEN. I should like to ask the majority leader when the wheat now owned by the Government was acquired, during what years.

Mr. BARKLEY. It was not all acquired in any one year. It represents the Commodity Credit Corporation's program from as far back as 1936. I should say, on down to the present time. I have here the table to which I referred a while ago, giving their program from April 1, 1941, to January 31, 1942, in regard to wheat, which shows that the number of bushels now under loan is



350,000,000-plus, and the number of bushels owned by the Government is 167,000,000-plus, subject to a deduction of about 135,000,000 bushels, which leaves, I think, about 90,000,000 bushels still under Government ownership. But the wheat purchased and now owned by the Government does not represent wheat produced in 1941 only. It goes back over a period of several years.

Mr. AIKEN. That is as I understand it. I have the impression that the amendment which I offered a while ago, and which was adopted, will easily enable the Commodity Credit Corporation to dispose of 100,000,000 bushels of Government-owned wheat for feeding purposes, or for the purpose of making alcohol at whatever price they see fit to sell it; and that was the purpose I had in offering the amendment. I do not know how much the Corporation has on hand which has deteriorated materially. I have heard it was 200,000,000 bushels. I do not know whether that is so; but I felt sure they would be empowered to dispose of 100,000,000 bushels under the amendment, and I thought the amendment would partially meet the objections raised by the President in the letter which he sent to us this morning.

Mr. BARKLEY. I have not given careful study to the Senator's amendment, but I shall be glad to do so.

Furthermore, in handling grain, the Commodity Credit Corporation, in order to avoid incurring excessive transportation costs, or to avoid losses from moisture, insect infestation, or damage, finds it necessary to sell individual lots of wheat or corn from time to time regardless of the price then prevailing. Such sales apparently would be prohibited if the market price were below parity. In other words, the Corporation would be prohibited from selling this wheat or corn in order to preserve it from actual destruction by moisture or by insects, or from damage of any sort. They could not sell it below the parity price in order to preserve it for the consumption of the people.

Such a restriction on sales may cause the total loss of substantial quantities of grain, and result in very large losses to the Government.

There is another consideration which I think we must keep in mind. There has been before the Senate and the House from time to time a controversy with respect to the production of oils from vegetable products. There has been some jealousy between the producers of what are called animal fats and the producers of what are called vegetable fats. We have had to deal with that question in the consideration of quotas, in the consideration of tariffs, and of excise taxes, and the question has arisen in other connections. But certainly no one can deny that now, when importations of vegetable oils from the Philippines, and from Hawaii, and from other points of the Pacific are cut off or reduced, it becomes necessary and desirable that we concentrate, insofar as we can, upon the production of vegetable oils in the United States, so as to bring about an increase of domestic vegetable oils. Soybeans, peanuts, and other vegetable commodities from which oil is produced

are essential. If the bill should become a law, although peanuts are a part of the basic commodities dealt with in the Agricultural Adjustment Act, by amendment of the law, by act of Congress it would be impossible to sell those peanuts at a price below parity for the purpose of providing seed for the growers of peanuts in order to produce greater quantities of vegetable oil. If the bill should become a law it would be impossible to sell soybeans at a price below parity in order that the soybean production might be increased for the purpose of producing more vegetable oil in the United States.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AIKEN. May I advise the Senator again that that matter is covered in the amendment offered by the Senator from Georgia [Mr. RUSSELL] today, whereby the provisions of the bill would not apply to commodities which are sold by the Government for seed purposes.

Mr. BARKLEY. I am talking about the bill as it is. The Senator from Georgia offered the amendment—

Mr. AIKEN. And the amendment was adopted.

Mr. BARKLEY. The amendment was adopted; but we have to talk about this measure as it may finally become enacted, and there is no way of predicting in what form it may be when enacted and signed by the President, if it should be signed by the President. I make no predictions on that subject.

Mr. President, I have taken more time than I intended to take, but I have tried to yield to Senators, and I appreciate the fact that they have all contributed something to the debate.

In conclusion I wish to say that I believe the enactment of the proposed legislation, while not so intended, would result in breaking faith with other agricultural groups in the United States in order to create a situation more favorable to the groups contemplated in the bill. We have enacted a price-control measure providing not a legislative price fixing, not a floor or a maximum fixed by law, but providing that the Administrator of the Price Control Act cannot touch an agricultural product by way of any restriction as to price until the price has reached 110 percent of parity, or until it has reached the price which it had originally reached on the 15th of October, or the 31st of December. The way that will work in respect to some agricultural products, for instance, lint cotton, cottonseed, lambs and wool, is that price ceilings cannot be fixed by the Administrator until the prices have reached 120 percent of parity. It was not intended to guarantee that sort of a price; it was not intended artificially to increase the price; but the Administrator cannot touch those prices until they have by the law of supply and demand, or by natural processes, reached either 110 percent, or 120 percent, or some figure between them, or it may be above them in individual cases.

The Agricultural Adjustment Act contemplates that reserves shall be built up in the case of our major commodities, to be used in time of emergency.

In my judgment, we are now in the midst of such an emergency.

If we enact the pending legislation, while it is proposed in the utmost good faith, and is not so intended by the authors or the sponsors of the measure, in my judgment it would work an injustice to other agricultural producers in the United States who depend upon the purchase of some of these commodities at fair and reasonable prices in order that they may produce other agricultural commodities upon which the American people depend.

We cannot lose sight altogether of the consumer. We hear much about raises in wages, and there have been demands that Congress by legislation fix a maximum wage rate. When the price-control bill was under consideration I could not agree to the inclusion of wages, because I do not believe that it is within the power of any one man to fix the wages of 40,000,000 working people in the United States. Furthermore, I felt that to do so would nullify and wipe out all the wage-adjusting agencies that have been established by the United States Government and by Congress. While my position on that subject is not agreed to by large groups of people in this country, I nevertheless adhere to it, at least for the present, until some better remedy shall be offered.

Mr. President, the 40,000,000 wage earners in the United States, and the wives and children of our soldiers and sailors and marines, who must for the time being depend upon what may be an inadequate compensation, an inadequate purchasing power to support themselves, must not be forgotten in dealing with the economic results of legislation which we enact. Therefore, I think that, without intending it, the enactment of the proposed legislation would do an injustice to these large groups.

The enactment of the proposed legislation, in my judgment, would check the expansion already in progress of livestock production, which I have already discussed.

The enactment of the proposed legislation would reduce the market outlets for corn and wheat, tighten the storage situation, and increase transportation difficulties to regions which need wheat and corn especially because they do not produce them in quantities sufficient for their own consumption.

In my judgment, the enactment of the proposed legislation would reduce the consumption of cotton and tobacco. Some cotton is being sold at less than market prices for use in making cotton bale covers and for insulating material. It is not much—only 20,000 bales out of 300,000 were sold in January—but some of it is being sold for that purpose. Such sales would be discontinued and difficulties would be experienced in getting bale covers except at prices almost twice as high as they now are, which would have to be paid by the producers of cotton in the baling of their product.

The enactment of the proposed legislation would, in my judgment, result in damage to products that would be wasted, especially products of a character which are called off-grade. As I said a while ago, often these products become

damaged and must be sold at whatever price can be obtained for them in order that they may not be absolutely destroyed and become useless.

The enactment of the bill would make it impossible to sell these products, especially grain, for less than the parity price to be paid in the United States, although not to sell them would result in their total destruction.

The enactment of the bill, in my judgment, would increase the appropriations which Congress would be called upon to make. The bill provides that the receipts from sales of all commodities owned be turned into the Treasury. This would mean that appropriations would be requested equal to the value of all commodities taken over under the loan program.

Finally, the enactment of the bill, as I believe, would result in inflation. The freezing of supplies obviously contributes to the spiraling of prices. In the end farmers would lose as much or more from spiraling prices than any other group, and in the long run this action would work to the disadvantage and not to the advantage of the farmer.

Mr. President, for these reasons I have been compelled to reach the conclusion that the bill is unwise, and that in the long run, if enacted, it will do more harm to the farmers than it will do good. I cannot conceive that the farmers of the United States, who have a stake in this country, who have their feet planted in the soil of this Nation, desire anything done in their name or on their behalf that will be injurious to the country as a whole or that would result ultimately in the long stretch in doing to them more harm than good.

I do not believe that the farmers of the United States look upon this or any other program in the defense of our country from a selfish, narrow, or bigoted standpoint. Whenever I lose faith in the patriotism, dependability, level-headedness, and integrity of our farmers, I shall lose faith in American democracy. They are giving up their sons. They are not complaining about it. They remember what occurred after the last war. Although temporarily they received a benefit in higher prices, they suffered in the long run by the loss of their markets and their farms. I believe that the inflationary prices during and following the World War, from 1914 to 1920, had as much to do with the depression in agriculture as any other one thing.

For these reasons, much as I regret to find myself in disagreement with some of my warmest friends in the Senate, some of whom have worked with me for years in behalf of agriculture, I cannot support the proposed legislation. I shall support the amendment offered by the Senator from Michigan [Mr. Brown], and I hope it will be adopted, because it fixes a standard toward which we have been working for years—that is, that the farmers shall receive parity, either in a market price which represents parity or in a contribution out of the Treasury representing the difference between the market price and parity.

I apologize to the Senate for taking so much of its time; but I wanted the Senate to have these facts in mind when it

votes, and I wanted the RECORD to contain what I think are indisputable facts and considerations to be weighed in connection with the proposed legislation.

I ask unanimous consent to have printed in the RECORD at this point a letter dated February 21, 1942, from the Under Secretary of Agriculture.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 21, 1942.

HON. ALBEN W. BARKLEY,  
United States Senate.

DEAR SENATOR BARKLEY: The following is submitted in response to your telephone request for information relative to the operations of the Commodity Credit Corporation in connection with the consideration of S. 2255.

Briefly stated, this bill would prevent the sale or other disposition for use in the United States of any commodities now held or hereafter acquired by the Commodity Credit Corporation at a price below the parity price for such commodity. The only exception to this rule would be the sale or other disposition of such commodities to the Agricultural Marketing Administration exclusively for relief purposes. The bill would also require that the proceeds of any such sale or other disposition be covered into the Treasury as miscellaneous receipts rather than being used to retire the obligations of the Corporation.

The principal immediate effects of the enactment of this bill would be the discontinuance of sales of corn and wheat for feed and for conversion into alcohol with resulting increases in feed prices and decreased production of livestock products and alcohol which are urgently needed in the war effort.

Since 1933, the Commodity Credit Corporation has made loans on about 1,100,000,000 bushels of corn. These loans have generally been made at rates above the market price of corn and at the time they were made had the effect of substantially increasing corn and feed prices. The users of corn—dairy, poultry, and livestock producers—have at times protested the price increases resulting from the corn-loan program, but they were assured that corn withdrawn from the market at that time would be available later at reasonable prices in the event of a short corn crop or a sudden increase in the demand for corn. The war has brought about such an increase in demand. Greatly increased quantities of cheese, dry skim milk, evaporated milk, eggs, pork, and other livestock products are needed both at home and abroad. In addition, corn is now being converted into alcohol which is needed in the manufacture of munitions.

During the course of its corn-loan operations, the Commodity Credit Corporation has acquired approximately 300,000,000 bushels of corn. Prior to January 1, 1941, practically none of this corn was sold except odd lots and off-grade corn and about 25,000,000 bushels sold to Great Britain in the summer of 1940. In 1941, however, about 135,000,000 bushels of corn were sold, including about 11,000,000 bushels shipped to Great Britain under the lend-lease program. Thus far in 1942, about 50,000,000 bushels have been sold, and 90,000,000 bushels are still owned by the Corporation. In addition to the corn owned by the Corporation, loans were outstanding on January 31, 1942, on approximately 250,000,000 bushels of corn.

The price at which corn is being sold by the Corporation at the present time is equivalent to 85 percent of parity. The parity price of corn as of January 15, 1942, was 93.7 cents per bushel, and the average price at which corn is now being sold is equivalent to about 80 cents per bushel on a farm-price basis. Under the 1941 parity and conservation program, cooperating corn producers received

payments totaling 14 cents per bushel. These payments, when added to the price at which corn is being sold by the Corporation, provide a per-bushel return equal to the parity price of corn. Sales of corn by the Corporation, therefore, are not preventing cooperating producers from receiving a parity return per bushel of corn produced in 1941. Furthermore, this per-bushel return on the relatively large crop of corn produced in 1941 provides producers with a parity income with respect to corn.

On the other hand, the sales policy being followed by the Commodity Credit Corporation with respect to corn and with respect to wheat for feed is making feed available to producers of livestock products at a price which encourages these producers to increase their production of the concentrated food products that are most needed in the prosecution of the war. Even with present feed prices, however, some dairymen and poultrymen are finding it difficult to produce milk, eggs, and chickens profitably, and an increase of as much as 15 percent in the price of feed grains, which probably would result from the enactment of this bill, may reduce substantially the production of these commodities. The final result, of course, will be higher prices for milk, eggs, butter, and other livestock products.

In order to further supplement feed supplies the Commodity Credit Corporation has made available for livestock feed a total of 100,000,000 bushels of wheat. This wheat is being sold in deficit corn-producing areas at a price comparable to the price of corn. Any wheat sold under this program must be used only for feed and, therefore, does not come into competition with wheat used in making flour. In addition to the wheat being made available for feed, wheat is being sold for conversion into alcohol at prices ranging from 80 to 90 cents per bushel.

Wheat is being offered for sale in regular commercial channels at the present time on the basis of a minimum price of \$1.32 per bushel for No. 2 wheat in store at Chicago. This Chicago price is comparable with an average farm price of about \$1.15 per bushel. Payments on wheat under the 1941 parity and conservation programs totaled 18 cents per bushel. These payments plus the current minimum sales price equal a per-bushel return of \$1.33, as compared with the current parity price for wheat of \$1.29 per bushel.

With respect to corn and wheat, the enactment of S. 2255 would necessitate the following immediate changes in the operations of the Commodity Credit Corporation. The sale of corn for feed would be suspended until such time as the market price advances above parity. The sale of both corn and wheat for conversion into alcohol would be discontinued unless the price ceiling on alcohol is raised. The sale of wheat for feed probably would be permanently discontinued since wheat could not be sold for feed at parity in competition with corn and other feed grains.

Discontinuance of the sale of wheat for feed will not only contribute to a higher price for feed but will also make more difficult a very tight storage situation. With a prospective carry-over of 600,000,000 bushels of wheat, there will be a relatively small amount of elevator space available for the 1942 wheat crop and much of it may have to be piled on the ground. The use of 100,000,000 bushels of wheat for feed prior to the 1942 wheat harvest would greatly improve the grain storage situation. Any release of existing storage facilities will work to the advantage of wheat growers in selling the 1942 crop since without storage facilities the quantity of wheat that could be put under loan would be curtailed and buyers would not purchase wheat except at greatly reduced prices.

In handling grain the Commodity Credit Corporation, in order to avoid incurring excessive transportation costs or to avoid losses



from moisture, insect infestation or damage, finds it necessary to sell individual lots of wheat or corn from time to time regardless of the price prevailing at the time. Such sales apparently would be prohibited if the market price were below parity. Such a restriction on sales may cause the total loss of substantial quantities of grain and result in large losses to the Government.

The provisions of S. 2255 would have very little effect on the operations of the Commodity Credit Corporation with respect to cotton at the present time. The only sales of cotton now being made that would be eliminated by the provisions of S. 2255 are sales of cotton for use in the manufacture of cotton bagging and for use in the manufacture of insulating materials. The elimination of these sales would tend to reduce the consumption of cotton and increase the price that cotton growers would have to pay for bale coverings.

The Commodity Credit Corporation now owns approximately 5,000,000 bales of cotton. Sales of cotton by the Corporation are now limited by law to 300,000 bales in any one month and 1,500,000 bales in any calendar year. The first sales into normal domestic channels were made in January 1942, when about 200,000 bales were sold to domestic cotton mills and cotton merchants at prices slightly above parity. An additional 80,000 bales were sold at below-parity prices for export. Also 20,000 bales were sold at below-parity prices for use in the manufacture of cotton bagging and other new uses for cotton. Only the latter sales would have been prohibited by the provisions of S. 2255.

In addition to market prices, which at the present time are in excess of parity, cotton growers received payments totaling 2.75 cents per pound under the 1941 parity and conservation programs. Cotton growers therefore are receiving per unit returns (price plus payments) in excess of parity in 1941, and these per unit returns are yielding a parity income even on the relatively small crop produced in 1941.

In the case of peanuts, the Commodity Credit Corporation is now acquiring a supply of seed in order to be in a position to furnish these peanuts to growers to assist them in increasing their acreage of peanuts for oil in 1942. These peanuts are being supplied to growers at a price of approximately \$100 per ton. Under the terms of S. 2255, it would be necessary to increase the price of these seed peanuts to about \$140 per ton. Such an increase in the cost of peanut seed would tend to prevent the achievement of the peanut production goals in 1942. A very great increase in the acreage of peanuts has been requested in 1942 in order that more fats and oil will be available to meet war needs.

From the foregoing description of the operations of the Commodity Credit Corpora-

tion in connection with the disposal of its commodities, it may be observed that the Corporation is following a definite policy in the sale of its commodities. This policy may be stated briefly as follows: Stocks of the basic crops are sold in regular commercial channels only at prices which, payments taken into consideration, will not interfere with the attainment of the parity price and parity income objectives set forth in the Agricultural Adjustment Act of 1938. Once these objectives are attained, however, sales are made in such manner and in such volume as are determined to be in the national interest, giving particular attention to war needs and the prevention of speculative price fluctuations and inflation. In pursuance of this policy in the case of cotton, no sales are now being made in regular commercial channels at less than parity prices in view of (1) the relatively small crop produced in 1941, and the need for higher returns per unit in order to attain the parity income objective with respect to cotton, and (2) the relatively small percentage of the final cost of cotton goods that is accounted for by the cost of the cotton therein.

In the case of corn and wheat, sales are being made at more nearly the minimum prices consistent with the parity price objectives of the Agricultural Adjustment Act of 1938 in view of the vital role these commodities are playing in the increased production of livestock products and alcohol needed in the war effort, the relatively favorable income received from the large crops of these commodities produced in 1941, and the importance of the prices of these commodities in connection with living costs and inflation.

In addition to the sales made in accordance with the above-stated general sales policy, sales are made for export, to encourage new uses, to avoid losses from deterioration and insect infestation, and to encourage production of so-called war crops (the sale of peanuts for seed, for example) on the basis of cost to the Corporation or such other basis as is determined to be in the public interest and in accordance with existing law.

S. 2255 would substitute for the above sales policies a sales policy in which only parity prices would be taken into consideration completely ignoring (1) the fact that Government payments are made with respect to some commodities and not with respect to others; (2) the parity income objectives of the Agricultural Adjustment Act of 1938 except insofar as these objectives are identical with the parity price objectives of the act; (3) war needs; (4) new uses; and (5) deterioration of commodities in storage.

One other item to which attention should be called involves the handling of funds obtained from the sale of commodities by the Commodity Credit Corporation. The funds of the Commodity Credit Corporation are

obtained primarily by means of the sale of its notes either to the United States Treasury or to private investors. Thus borrowed funds are used in the acquisition of commodities and when sales are made the proceeds are normally used to retire obligations of the Corporation. This bill, however, provides that the proceeds from the sale of commodities must be covered into the Treasury as miscellaneous receipts. This procedure would necessitate large appropriations to meet obligations of the Corporation which now are being paid directly from the proceeds of sales.

Enclosed for your information are two tables giving data relative to the commodities the Commodity Credit Corporation owns or has under loan and the prices at which corn, wheat, and cotton are being sold in relation to parity prices and Government payments.

Sincerely,

PAUL H. APPLEYBY,  
Under Secretary.

[Enclosures—2.]

Comparison of 1941 loan rates and Government payments with parity price as of the beginning of the marketing year

	Corn	Wheat	Cotton
	Cts. per bu.	Cts. per bu.	Cts. per lb.
Loan.....	74.8	98.0	14.02
Payments.....	14.0	18.1	2.75
Total.....	88.8	116.1	16.77
Parity at beginning of marketing year.....	88.6	116.7	16.49

Comparison of minimum prices at which sales are being made by Commodity Credit Corporation plus Government payments and the current farm parity price and market parity prices comparable with minimum sales prices

	Corn	Wheat	Cotton
	Cents	Cents	Cents
Commodity Credit Corporation minimum sales price.....	83	\$1.35	\$18.10
Payments.....	14	.18	2.75
Total.....	97	1.50	20.85
Current parity price at farm.....	93.7	1.29	18.10
Market equivalent.....	98	1.46	18.10

<sup>1</sup> No. 1 Yellow corn in store in Chicago, for February delivery, March delivery 1 cent higher.

<sup>2</sup> No. 2 Hard Winter wheat in store in Chicago price in effect during last 2 weeks of February.

<sup>3</sup> Farm parity price. No sales being made in the domestic market below parity except for insulation and cotton bagging.

<sup>4</sup> Market parity price that is comparable with the minimum Commodity Credit Corporation sales price

U. S. Department of Agriculture, Commodity Credit Corporation—Statement of loans and commodities owned Jan. 31, 1942

	Advances on commodity loans	Repayments, acquisitions, and adjustments on commodity loans	Commodity loans held by Commodity Credit Corporation	Commodity loans held by banks	Total commodity loans outstanding	Total quantities of commodities held as collateral
<b>Barley loans:</b>						
1940 barley, Form A.....	\$573,197.18	<sup>1</sup> \$510,158.77	\$63,038.41		\$63,038.41	194,620 bushels
1940 barley, Form B.....	520.30	520.30				
1941 barley, Form A.....	101,657.69	32,277.69	69,420.09	\$5,736,349.47	5,805,769.56	14,488,831 bushels
1941 barley, Form B.....	12,357.84	1,904.97	10,452.87	311,917.60	322,370.47	879,678 bushels
Subtotal.....	688,173.01	545,261.64	142,911.37	6,048,267.67	6,191,178.44	15,563,129 bushels
1940 barley resealing program: Noncash transfers of principal.....	117,576.66	33,938.16	83,638.70		83,638.70	259,580 bushels
Subtotal (all barley).....	805,749.67	579,199.80	226,550.07	6,048,267.67	6,274,817.14	15,822,709 bushels
<b>Corn loans:</b>						
1938 corn.....	16,599,291.57	16,597,074.23	2,317.34		2,317.34	<sup>4</sup> 936 bushels
1938-39 corn.....	141,596,856.97	<sup>1</sup> 141,535,963.88	60,893.09		60,893.09	<sup>2</sup> 46,389 bushels
1939 corn.....	160,556,688.00	<sup>1</sup> 160,542,966.98	13,721.02		13,721.02	26,307 bushels
1940 corn.....	9,100,122.13	7,537,814.63	1,562,307.50	27,974,022.09	29,536,329.59	48,436,657 bushels
1941 corn.....	380,127.95	97.20	380,030.75	49,823,218.48	50,203,249.23	68,775,022 bushels
Subtotal.....	328,233,186.62	326,213,916.92	2,019,269.70	77,797,240.57	79,816,510.27	117,285,311 bushels

<sup>1</sup> Includes noncash transfers to resealing programs.

<sup>2</sup> Inventory subject to adjustment.

## U. S. Department of Agriculture, Commodity Credit Corporation—Statement of loans and commodities owned Jan. 31, 1942—Continued

	Advances on commodity loans	Repayments, acquisitions, and adjustments on commodity loans	Commodity loans held by Commodity Credit Corporation	Commodity loans held by banks	Total commodity loans outstanding	Total quantities of commodities held as collateral
<b>Corn loans—Continued</b>						
1938-39 corn resealing program:						
Noncash transfers of principal	\$114,415,646.32					
Storage disbursements	16,918,537.07					
Subtotal (resealing)	131,334,183.39	\$43,329,250.23	\$88,004,933.16		\$88,004,933.16	132,370,234 bushels
Subtotal (all corn)	459,567,370.01	369,543,167.15	90,024,202.86	\$77,797,240.57	167,821,443.43	249,655,545 bushels
<b>Cotton loans:</b>						
1938 cotton	118,940,24.50	117,504,282.67	1,435,959.83	24.82	1,435,984.65	28,638 bales
1939 cotton	1,213,010.65	1,213,010.65				
1940 cotton	71,355,420.53	71,354,398.09	1,022.44		1,022.44	14 bales
1941 cotton	108,209,443.48	6,961,512.61	101,247,930.87	27,025,733.55	128,273,664.42	1,829,016 bales
Subtotal	299,718,117.16	197,033,204.02	102,684,913.14	27,025,758.37	129,710,671.51	1,857,668 bales
<b>Flaxseed loans:</b>						
1941 flaxseed, Form A	25,100.45	1,083.80	24,016.65	596,941.61	620,958.26	365,055 bushels
1941 flaxseed, Form B	10,564.52	278.73	10,285.79	497,121.31	507,407.10	312,214 bushels
Subtotal	35,664.97	1,362.53	34,302.44	1,094,062.92	1,128,365.36	677,269 bushels
<b>Grain sorghums loans:</b>						
1940 grain sorghums, Form A	6,007.15	5,797.55	209.60		209.60	741 bushels
1941 grain sorghums, Form A	1,233.59		1,233.59	4,646.64	5,880.23	15,566 bushels
1941 grain sorghums, Form B	2,018.11		2,018.11	25,837.65	27,855.76	98,869 bushels
Subtotal	9,258.85	5,797.55	3,461.30	30,484.29	33,945.59	115,176 bushels
<b>Prune loans: 1940 prunes</b>						
	5,869,483.27	4,591,400.64	1,278,082.63		1,278,082.63	75,764 tons
<b>Rye loans:</b>						
1939 rye	627,909.88	1,627,853.88	56.00		56.00	125 bushels
1940 rye	1,130,539.56	1,086,040.21	44,499.35		44,499.35	115,399 bushels
1941 rye	36,094.27	864.00	35,230.27	1,129,627.13	1,164,857.40	2,339,839 bushels
Subtotal	1,794,543.71	1,714,758.09	79,785.62	1,129,627.13	1,209,412.75	2,455,363 bushels
<b>Rye resealing programs:</b>						
1939 noncash transfers of principal	6,856.11	2,726.19	4,129.92		4,129.92	9,198 bushels
1940 noncash transfers of principal	309,831.46	36,313.90	273,517.56		273,517.56	603,075 bushels
Subtotal (resealing)	316,687.57	39,040.09	277,547.48		277,647.48	612,273 bushels
Subtotal (all rye)	2,111,225.28	1,753,798.18	357,427.10	1,129,627.13	1,487,054.23	3,067,636 bushels
<b>Soybean loans:</b>						
1941 soybeans, Form A	16,483.65	180.60	16,303.05	107,520.19	123,823.24	118,833 bushels
1941 soybeans, Form B				5,751.97	5,751.97	5,899 bushels
Subtotal	16,483.65	180.60	16,303.05	113,272.16	129,575.21	124,732 bushels
<b>Tobacco loans:</b>						
1939 dark tobacco	484,604.34	11,008.36	473,595.98		473,595.98	4,713,195 pounds
1940 flue-cured tobacco	6,319,258.85	2,199,608.79	4,119,350.06		4,119,350.06	21,892,827 pounds
1940 dark tobacco	4,752,658.38	882,672.15	3,869,986.23		3,869,986.23	34,536,653 pounds
Subtotal	11,556,521.57	3,093,589.30	8,462,932.27		8,462,932.27	61,142,675 pounds
<b>Turpentine and rosin loans:</b>						
1938 rosin	12,538,128.17	10,577,962.15	1,960,166.02		1,960,166.02	174,992 barrels
1939 rosin	9,307,611.60	7,806,321.54	1,501,290.06		1,501,290.06	125,470 barrels
1940 rosin	6,964,126.42	3,222,865.59	3,741,260.83		3,741,260.83	313,557 barrels
1941 rosin	1,602,415.35	21,099.69	1,581,315.66		1,581,315.66	130,503 barrels
Subtotal	30,412,281.54	21,628,248.97	8,784,032.57		8,784,032.57	744,522 barrels
<b>Wheat loans:</b>						
1939 wheat, Form A	10,272,363.97	10,208,718.01	63,645.96		63,645.96	85,991 bushels
1940 wheat, Form A	11,999,030.80	10,661,622.26	1,337,408.54		1,337,408.54	1,873,354 bushels
1940 wheat, Form B	154,508,577.59	154,504,173.70	4,404.29		4,404.29	521 bushels
1941 wheat, Form A	2,883,968.80	160,568.55	2,723,400.25	104,291,570.45	107,014,970.70	114,656,512 bushels
1941 wheat, Form B	22,474,785.99	1,499,039.10	20,975,726.89	211,538,964.75	232,514,691.64	230,658,311 bushels
Subtotal	202,138,727.55	177,034,141.62	25,104,585.93	315,830,535.20	340,935,121.13	347,274,689 bushels
<b>1940 wheat resealing program:</b>						
Noncash transfers of principal	2,907,638.08	351,017.57	2,556,620.51		2,556,620.51	3,400,818 bushels
Storage disbursements	1,145.34	66.78	1,078.56		1,078.56	
Subtotal (resealing)	2,908,783.42	351,084.35	2,557,699.07		2,557,699.07	3,400,818 bushels
Subtotal (all wheat)	205,047,510.97	177,385,225.97	27,662,285.00	315,830,535.20	343,492,820.20	350,675,507 bushels
Total commodity loans	\$1,015,149,667.14	\$775,615,174.71	239,534,492.43	429,069,247.71	668,603,740.14	

## COMMODITIES OWNED BY COMMODITY CREDIT CORPORATION

Commodity	Quantity	Book value	Commodity	Quantity	Book value
Barley	72,781 bushels	\$41,697.14	Rye	1,132,864 bushels <sup>7</sup>	\$760,315.03
Corn	144,638,807 bushels <sup>8</sup>	110,142,181.13	Tobacco	277,499,111 pounds <sup>9</sup>	74,384,345.55
Cotton, 1934-35 <sup>2</sup>	1,183,587 bales	95,242,956.86	Wheat <sup>10</sup>	167,431,525 bushels <sup>10</sup>	151,079,836.53
1937-38 <sup>1</sup>	4,249,922 bales	229,314,516.28	Other commodities		58,444,472.50
1939-40	150 bales	7,022.29			
1940-41	5,002 bales	240,091.78			
Rubber	90,495 tons <sup>6</sup>	34,498,497.02	Total commodities owned		754,155,932.11

<sup>1</sup> Includes noncash transfers to resealing programs.<sup>2</sup> Inventory subject to adjustment.<sup>3</sup> Excludes \$1,042,847,246.49 of closed loan programs.<sup>4</sup> Includes approximately 54,000,000 bushels of corn in process of sale.<sup>5</sup> Includes cotton in process of sale.<sup>6</sup> Includes rubber accepted, and rubber delivered or afloat, subject to inspection.<sup>7</sup> All pooled rye sold. Sales proceeds held in suspense account, pending inventory adjustments.<sup>8</sup> Consists of 276,421,979 pounds dry weight and 1,077,132 pounds green weight.<sup>9</sup> Includes wheat held in producers' pools.<sup>10</sup> Includes approximately 31,500,000 bushels of pooled wheat in process of sale.



## STRIKES IN DEFENSE INDUSTRIES

Mr. BYRD. Mr. President, if the United States is to unify its war production program it becomes increasingly obvious that Congress must adopt a definite declaration of national labor policy.

In his speech on February 23, the President said:

We shall not stop work for a single day.

Yet, even while that speech was being made strikes were being called; and now, 2 days later, strikes in defense industries continue seriously to retard the production of military equipment, and the efforts of the Army and Navy to stop defense strikes have so far been futile.

We cannot have a total war effort in this country with continued strikes in defense industries. A first and very important step toward adopting a firm and definite labor policy is to remove the present Secretary of Labor, Madam Perkins, and appoint in her place a Secretary of Labor who will be fair and just to labor at all times, but who will require that in this great emergency there shall be no interruption of work by those engaged in the production of essential military equipment.

From the very beginning of her administration as Secretary of Labor, Miss Perkins has shown inefficiency, ineptness, and incapacity to meet her duties such as have rarely been duplicated in the history of our country by one holding a highly important and responsible public position. Yet, after 9 years of such incompetence, and in the face of the greatest emergency this country has ever known, when labor troubles constitute a weak link in our chain of national defense, Miss Perkins is continued in office.

From the day she condoned and, by implication, even approved, sit-down strikes, her influence in all labor disputes has not been exerted for the best interests of America as a whole.

It will be recalled that when the National Defense Mediation Board was first appointed during the epidemic of strikes in defense industries she did not make certifications of strikes to the Mediation Board until an aroused and incensed public opinion demanded that she do so. In the first coal strike called by John L. Lewis she refused to make certification to the National Defense Mediation Board until after the strike had been in existence for 24 days. In that period 30,000,000 tons of coal production was lost.

She has given no leadership in the solution of defense strikes, and our national welfare would be promoted by her removal.

In this emergency we must not have any special privileges for any special class, whether it be labor, the manufacturer exacting exorbitant profits, or any other class of our citizens; and especially should those in authority prevent the entrenchment of unfair practices, either by labor or industry, using the emergency as a leverage for their accomplishment.

Mr. William M. Leiserson, member of the National Labor Relations Board, in an address delivered in New York City on February 18, made a very excellent con-

tribution to clear thought on this problem. He said.

As things look now, it appears inevitable that Congress will be forced to act, because the problems are too big and too crucial for the War Labor Board to solve.

Time and time again ruthless labor leaders have gained selfish advantages during this emergency because neither the President, nor Congress, has been willing to meet this issue. John L. Lewis won his victory over the Government last April because of this fact. Later another demand by Mr. Lewis for a closed shop in the so-called captive mines was rejected by the National Mediation Board. Mr. Lewis refused the request of the President of the United States to keep open the mines supplying fuel for the operation of steel plants, so the plants began to shut down. The President then appointed a new board of three, after first submitting the names to Mr. Lewis and asking Mr. Lewis to become a member of the new arbitration board and to sit in judgment upon his own case. As the third member of the Board had previously supported the closed-shop principle, the final decision, of course, was, in fact, rendered in advance. The result was that John Lewis won his second victory over the Government in December. In fact, the announcement of John Lewis' victory was made on December 7, the day of America's defeat at Pearl Harbor, and he obtained the closed shop in the captive mines because he had the ruthless determination to sabotage, if necessary, the whole defense effort in order to accomplish his purpose.

The Committee on Education and Labor in the Senate has, so far, declined to report the labor legislation passed by the House. On June 7, 1940, the Smith bill, making changes in the Wagner Labor Act, passed the House and went to the Senate Committee on Education and Labor. To date it has not been reported. On December 3, 1941, the Smith amendments, having as their purpose the control of strikes, passed the House and went to the Senate Committee on Education and Labor. They have not been reported to the Senate. When those amendments passed the House, I wrote to the chairman of the Senate Committee on Education and Labor, the Senator from Utah [Mr. THOMAS]. I ask unanimous consent to have printed in the Record at the conclusion of my remarks my letter to him.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BYRD. Mr. President, I received definite assurance from the Senator from Utah that hearings would begin immediately on the Smith amendments, and that some action would be taken toward reporting this legislation to the Senate. Nearly 90 days have elapsed, and no action has been taken.

I want to express my protest, Mr. President, that a committee of the Senate should suppress such important legislation, passed by the House of Representatives, which has a direct influence and effect upon the unified production of war materials so necessary for our success in this war. I want to express, too, the hope

that this committee will take immediate action to report the labor legislation passed by the House, either favorably, adversely, or with amendments; but report it, so that Members of the Senate may have an opportunity to discuss this legislation on the floor and take such action as may be advisable.

Again I emphasize the fact, Mr. President, that the time has come when the Congress of the United States must meet the labor situation fairly and squarely and adopt a definite labor policy for the duration of the emergency.

We are faced with deadly peril. Not a single obstacle to our defense efforts can be tolerated. First things must come first. The war can be won only by making the war effort first and supreme in all our activities, both of the Government and of individual citizens.

I ask unanimous consent to have printed in the Record as a part of my remarks an article by Mr. David Lawrence, published in the Washington Evening Star of February 24.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Evening Star of February 24, 1942]

LEISERSON CALLS FOR A LABOR POLICY—PIECE-MEAL TACTICS SEEN AS ENCOURAGING LAGS IN PRODUCTION

(By David Lawrence)

There ought to be some way of paying tribute to those members of President Roosevelt's administration who brave the frowns of criticism and speak out publicly against mistakes being made.

Perhaps the most useful contribution yet offered to the solution of the vexatious problems of management-union friction has just been made by William M. Leiserson, who, as an appointee of President Roosevelt, is one of the three members of the National Labor Relations Board, which enforces the Wagner Act.

Mr. Leiserson is known as friend of the laboring man, having served for several years with distinction as chairman of the National Mediation Board, which is the organization charged by law with handling disputes growing out of labor problems on the railroads.

What Mr. Leiserson has said is worth reading by labor union officers, by management executives, by Members of Congress and, most of all, by President Roosevelt himself. It is a speech so plainly objective and impersonal and so tactfully phrased to avoid giving offense to any Government agency or group that it must rank as a constructive contribution to the cause of accelerated production, which alone can help to bring victory in the war.

## CITES REPRESENTATION GRANTED

Mr. Leiserson doesn't mince words. He says labor groups have been granted representation in the O. P. M., in the old National Defense Mediation Board, in the new President's Committee on Labor Problems, and in the new War Labor Board, but still labor isn't satisfied. He points out that the Labor Division of the O. P. M. failed because "we do not have to be versed in the philosophy of management to understand that it is not practical to mix the policy-making functions of an organization with the operating functions."

On this point, Mr. Leiserson says bluntly: "This experience makes it plain that the entirely legitimate aspiration of the labor movement to participate on equal terms with industrial management in the common war effort cannot be satisfied by the mere process

of appointing labor men to Government jobs paralleling jobs held by industrial managers. It does not work and satisfies no one. It leads to maneuvering and argument about policy among operating officials whose sole duty should be to carry out promptly and efficiently the operating orders of policy-making authorities. It turns a production organization into a debating society."

Mr. Leiserson goes on to say that the old National Defense Mediation Board collapsed because "the Board itself made a fatal error in confusing mediation with arbitration." Of the new War Labor Board, he says there is no essential difference between it and its predecessor. "One," he says, "was a mediation board that arbitrated, the other is an arbitration board that mediates."

#### URGES NATIONAL POLICY

Pointing out that the two major issues—request for a closed shop and wage increases—call for a national policy rather than piecemeal treatment, Mr. Leiserson predicts stormy days ahead and fears that "war production will be impeded unless broad policies are determined in advance and people may know what to expect in the way of compulsory union membership or wage adjustments in relation to cost of living."

Still believing that these questions can be mutually adjusted between management and labor, Mr. Leiserson says President Roosevelt made a mistake recently in adjourning his War Labor Committee conference of union leaders and employers without coming to grips finally with these points. He says that the conference ought to be reconvened to that end or else Congress must enunciate a national policy. He thinks management-union committees should be consultative and cites an example of the same thing working successfully alongside rather than inside the Government.

The foregoing excerpts hardly tell the story of what was contained in Mr. Leiserson's address of 5,000 words originally delivered at the College of the City of New York, but if any reader wishes a copy and will send a self-addressed envelope, this correspondent will be glad to supply the full text with his compliments. The address is 2201 M Street NW., Washington.

#### EXHIBIT 1

COPY OF LETTER TO SENATOR ELBERT D. THOMAS, CHAIRMAN, SENATE COMMITTEE ON EDUCATION AND LABOR FROM SENATOR HARRY F. BYRD, DEMOCRAT, VIRGINIA, DECEMBER 6, 1941

Senator ELBERT D. THOMAS,  
Chairman, Committee on Education and Labor, United States Senate,  
Washington, D. C.

MY DEAR SENATOR THOMAS: May I be permitted to communicate with you as chairman of the Senate Committee on Education and Labor, relative to the Smith labor bill, which passed the House of Representatives by the large majority of 252 to 136, and which has been referred to your committee for consideration.

I want to express the very earnest hope that your Committee will convene at the earliest possible time, preferably Monday, to consider this legislation and make a report thereon to the Senate, so that the bill may come promptly before the Senate through the orderly process of usual parliamentary procedure.

It must be obvious, I think, that the Smith bill, as passed by the House of Representatives by a vote of almost two to one, is in recognition of an overwhelming demand on the part of the people of America that the Congress of the United States take immediate, effective, and constructive action to curb strikes in defense industries, which have done so much to sabotage the defense program of our country.

Quick action is imperative and, by the parliamentary rules existing between the

Senate and the House of Representatives, consideration of the Smith bill presents the only opportunity for completed legislative action on the part of the Congress before the Christmas holidays, as this legislation, already having been passed by the House, would only go back to the House in the event of amendments, and then for the purpose of conference only. No delay would result, therefore, in final enactment, while if another bill is passed by the Senate, it would go to the House as an original measure, necessitating committee consideration and House action, and then, if amended, it would come back to the Senate for conference.

In the emergency now confronting us, the Senate, I think, owes to the House of Representatives, as a concurrent agency of government, the obligation of giving immediate consideration to vital legislation adopted for the promotion of our program of national defense. Failure to give immediate consideration through the normal process of parliamentary procedure would do much, in my judgment, to occasion on the part of the people of America a loss of confidence in the legislative branch of our Government. It is vital that the confidence and respect of the people of America in the constitutional agencies of their Government be preserved in this day of national peril. I feel certain you will agree in these views as to the preservation of this confidence, as well as in abiding by the normal process of parliamentary procedure, and I hope that this suggestion will be accepted in the spirit in which it is made.

Only the vital need for quick action, after long months of delay in meeting the strike crisis, has prompted me to take the liberty of expressing my views on this matter and to use this method of making known, as well, my views to the public, which is so deeply interested in this legislation.

With best wishes, I am,

Faithfully yours,

HARRY F. BYRD.

#### DISPOSITION OF AGRICULTURAL COMMODITIES BY COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 2255) to establish a policy with respect to the disposition of agricultural commodities acquired by the Commodity Credit Corporation.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. GILLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Ellender	Norris
Austin	Gerry	Nye
Bailey	Gillette	O'Daniel
Ball	Glass	O'Mahoney
Bankhead	Green	Radcliffe
Barbour	Guffey	Reed
Barkley	Gurney	Reynolds
Bilbo	Hayden	Rosier
Bone	Herring	Russell
Brewster	Hill	Schwartz
Brown	Holman	Smathers
Bulow	Hughes	Stewart
Bunker	Johnson, Calif.	Taft
Burton	Johnson, Colo.	Thomas, Idaho
Butler	Kilgore	Thomas, Okla.
Byrd	La Follette	Tobey
Capper	Langer	Truman
Caraway	McCarran	Tunnell
Chavez	McKellar	Tydings
Clark, Idaho	McNary	Vandenberg
Clark, Mo.	Maloney	Van Nuys
Connally	Maybank	Wallgren
Danaher	Mead	Walsh
Davis	Millikin	Wheeler
Downey	Murdock	White
Doxey	Murray	Wiley

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. THOMAS of Oklahoma. Mr. President, I desire to address myself for a very few moments to the Brown amendment. I make the statement that if the Brown amendment is agreed to, the pending bill will be defeated. Were not that the purpose of the amendment it would not have been offered.

Mr. President, for 10 years Congress passed legislation and made appropriations by the billions of dollars in order to increase farm prices. Now we have the spectacle of an effort being made to drive farm prices down. We cut the content of the gold dollar in order to raise prices. We adopted a silver program in order to raise prices. We killed pigs and cattle and plowed up wheat and cotton in order to make the prices of those commodities higher. Our goal was parity. Now, before we reach parity, we find this effort being made to keep prices from reaching parity. I cannot support such an amendment.

I am not complaining because some prices are up to parity. I am glad that wool is at the highest ceiling provided under the so-called price-control law. I am glad that tobacco is up to the highest ceiling. But, Mr. President, if the Senators coming from tobacco-growing States were to find governmental agencies driving the price of tobacco down so as to help the poor hay growers in my State who now are receiving 59 percent of parity, I wonder if such Senators would remain silent. If the same thing were to happen to the wool growers, I wonder whether Senators from the wool-growing States would remain silent. So I cannot go along with the distinguished Senator from Kentucky when he and his colleague from Michigan are leading a movement to drive farm prices down. That is all the amendment is; it is an amendment to keep the prices of farm commodities from ever reaching parity.

I understand that a few days ago the Secretary of Agriculture made a statement to the effect that if the pending bill should be passed the cost of food used by the consuming public of America would be increased to the extent of \$1,000,000,000. If that statement be true—and if the pending bill should pass and should raise prices to parity—then the farmers would be getting the \$1,000,000,000 instead of having the consumers save the \$1,000,000,000. But I make the statement that if the amendment is agreed to and if prices are kept below parity, the producers of America will lose \$1,000,000,000 in the sale of their commodities below parity.

If Senators desire to agree to an amendment which would keep cotton for cloth, wheat for bread, and corn for bread and for feed \$1,000,000,000 below parity, they will have the chance to do so when the amendment comes before the Senate on a yea-and-nay vote. I make the charge that any man who says the pending bill would increase costs to the consumers by \$1,000,000,000 wants the producers of America to produce at a sacrifice of \$1,000,000,000 the food and clothing for our people. He wants them



to produce such supplies at \$1,000,000,000 below parity. That is not the highest level. One hundred and ten percent of parity is higher than parity. The average of 1929 is above parity, and in most cases above 110 percent of parity; and with respect to some commodities the December 15 price level is higher than either of those I have mentioned. Yet, if the amendment should be adopted, it might force the price of cotton down to around 15 cents a pound.

In a moment I shall give the figures to support the statements I have just made; but before doing so let me say to my friends from the cotton-growing States that during the past 10 years cotton has sold on the average at 60 percent of parity. I make the further statement that if we should give the cotton farmers 110 percent of parity, 40 years would have to elapse before they could regain what they have lost during the past 10 years.

Mr. President, yesterday at the closing of the stock market in the South spot cotton was quoted at 19.38 cents a pound. The cotton farmer does not receive that price.

It is true that yesterday the standard grade of cotton, fifteen-sixteenths of an inch, sold at the 10 concentration points on an average of 19.38 cents a pound. The parity price is only 18.10 cents, so the price of cotton at the concentration point now is, approximately, 1 cent above the parity price. Yet we hear Senators on this floor advocating an amendment which would force the price down about 3 or 4 cents below what cotton is selling for at Augusta, Savannah, Norfolk, and other concentration points.

This amendment is very simple. It provides, so its author states, that the price at which the Commodity Credit Corporation may sell the cotton it holds starts at 18.1 cents a pound. The 1.38 cents parity payment plus 1.37 cents, the conservation payment, make 2.75 cents. Subtracting 2.75 cents from the parity price leaves a price of 15.35 cents. Those who favor this amendment want the Commodity Credit Corporation to have the privilege of selling its stock of cotton at a price of 15.35 cents a pound. As I have said, at the 10 concentration points yesterday, cotton sold for 19.38 cents. Subtract 2.75 cents and it leaves the price at which the Commodity Corporation can sell its cotton, at 15.35 cents. Subtract 15.35 cents from 19.38 cents and we find a differential of 4 cents a pound on cotton, or \$20 a bale. Those who favor this amendment want to give the opportunity to the Commodity Credit Corporation to sell its stock of cotton at \$20 a bale less than cotton sold for yesterday in New Orleans, La., in Dallas, Tex., in Savannah, Ga., at the 10 concentration points, for the average yesterday was 19.38 cents. I cannot understand why Senators should come upon this floor and advocate that the Government sell the cotton it holds at \$20 a bale below what cotton is selling for today. That is what this amendment means. If I am wrong at any time, I shall be only too glad to yield to any Senator who will point out my error.

Mr. President, the Government owns now about 5,000,000 bales of cotton, and

if it should sell the 5,000,000 bales at a loss of \$20 a bale, multiply 5,000,000 by \$20, and the result is a loss of \$100,000,000 alone on the stock owned by the Government. I should like to hear someone justify a Federal statute that would authorize a loss of \$100,000,000 upon the existing stock of cotton held by the Commodity Credit Corporation.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. RUSSELL. The Senator might further point out that if the amendment proposed by the Senator from Michigan contemplates that the Congress shall continue to make appropriations for parity payments, whereas if the original bill is enacted into law, the farmer will get parity for his commodity in the market place, and there will be saved to the National Treasury \$212,000,000 annually which are now being appropriated for the purpose of making parity payments to the farmers.

Mr. THOMAS of Oklahoma. I am sorry that the distinguished junior Senator from Virginia [Mr. BYRD] is not present to hear the statement just made by the Senator from Georgia. If this amendment should prevail, representatives of the Department of Agriculture will appear before the committee of the Senator from Georgia asking for \$450,000,000 for one purpose, and one alone, to make the soil-conservation payments. They asked for \$500,000,000; the Bureau of the Budget approved \$450,000,000. So the Budget Bureau is asking the Congress to include in the Agricultural appropriation bill \$450,000,000 in order to make one class of payments, namely, soil-conservation payments. That does not include parity payments. How much will they ask for parity payments? They have not submitted an estimate for a specific sum, but it will be up to someone to say how much will be required for parity payments. The present appropriation is \$212,000,000. Add \$212,000,000 and \$450,000,000, and what is the total? It is \$662,000,000.

Mr. RUSSELL. The amendment offered by the Senator from Michigan is predicated upon a parity payment appropriation of \$212,000,000.

Mr. THOMAS of Oklahoma. Very well, if his amendment is adopted it will serve notice on Congress and the country that there must be appropriated \$662,000,000 in the agricultural appropriation bill in order to make these subsidy payments to the farmers, when if the amendment is rejected and prices of the commodities are allowed to rise to parity, we will not have to appropriate a single cent to cover soil conservation or to cover parity payments. If I am not correct, I yield to the Senator from Michigan to make a correction.

Mr. BROWN. Mr. President, I am happy to have the Senator offer me the use of his time. In the first place, the Senator talks as if I were proposing some legislation. I am not. I would be satisfied to have the Senator from Alabama and the Senator from Iowa withdraw their bill and leave conditions exactly as they are at the present time. I

am not initiating any legislation; I am resisting some legislation which I think if enacted, would place undue limitations upon the Commodity Credit Corporation.

Mr. THOMAS of Oklahoma. Mr. President—

Mr. BROWN. I am glad to have the Senator make comment upon what I have said.

Mr. THOMAS of Oklahoma. We have this bill before the Senate, hoping that it will pass, and, if it passes, that farm prices will rise to parity. If the amendment should prevail, they will not rise to parity, because of the vast stocks in the hands of the Commodity Credit Corporation which will be used to keep the prices down, and, to the extent they are kept down, we must make appropriations to pay the difference between the selling price of the commodity and the parity price.

Mr. BROWN. What was the purpose of the creation of the Commodity Credit Corporation, may I ask the Senator?

Mr. THOMAS of Oklahoma. The purpose of the creation of that organization was to take from the surpluses on the farm and in the warehouses a certain amount of the commodities such as surplus cotton, surplus corn, surplus wheat, and surplus tobacco, to make loans on them, and, if the loans could not be paid, then to take over the commodities and hold them in what we might term the "ever-normal granary."

Mr. BROWN. I think the Senator has stated it with reasonable accuracy. I have had considerable to do with the setting up of the Commodity Credit Corporation, and have handled, under the leadership of the Senator from Alabama, who is chairman of the subcommittee in charge, much of that character of legislation upon the floor; but I would put it in this way: We provided by the Commodity Credit Corporation a means of financing farm surpluses so that they would not be thrown upon the market at any one time. We, in effect, guaranteed to the farmer that he would have 85 percent of parity. Now, at a time when prices have advanced beyond 85 percent of parity, and the Commodity Credit Corporation wants to use its judgment as to when it should sell the commodities it holds, having in mind the limitations upon the cotton held by the Corporation, it is sought, after the loans have been made by the Government, to change entirely the arrangement by which the loans were secured. I say to the Senator from Oklahoma it is not good business, it is not sound financial policy to deprive the Commodity Credit Corporation of the opportunity which it has to liquidate its stock of commodities at the present time, when it can make itself solvent and bring about such a condition that the Treasury can be made whole through the sale of these commodities. Why change the rules now after the loans have been made?

Mr. THOMAS of Oklahoma. Mr. President, we have heard much about good business in this discussion. I wonder if the distinguished Senator from Michigan calls it good business to adopt an amendment which would make it necessary for the Congress to appropriate

\$662,000,000 in order to make payments which, if it were not adopted, the farmers would get the same sum by the natural rise and increase in the prices?

Mr. BROWN. The Senator is entirely in error in that respect. My amendment does not contemplate parity payments at all; it simply provides that in the calculation of the limitations upon it the Commodity Credit Corporation shall consider in arriving at parity not only the market price but the payments which are made to the farmer under the Agricultural Adjustment Act.

It seems to me that that is sound and reasonable. The Senator is interested in this bill, and I, myself, want to see the farmer get parity. I say the farmer is getting 102 percent of parity today without consideration of benefit payments. I say on cotton, on wheat, and on corn, the three principal commodities involved, the farmer is getting parity or above parity except in one instance where, I think, the price is a cent under parity. He is substantially getting parity by reason of the benefit payments. That is the situation as it affects the farmer himself. I have not at any time, as the Senator from Oklahoma suggests, favored doing anything which would bind the Congress in the future with respect to parity payments. I am merely saying that in the calculation of this limitation upon the Commodity Credit Corporation today, we should consider not only market price but should add to that market price the benefit payments, and when those together equal parity, then the Commodity Credit Corporation should be permitted to sell.

Mr. THOMAS of Oklahoma. Mr. President, the Senator has made the statement upon this floor no less than five or six times in my presence that the farmers are today receiving parity, and in some cases 101 percent of parity, and in other cases 102 percent of parity.

Mr. BROWN. I am advised by the Department of Agriculture that their average today is 102 percent of parity.

Mr. THOMAS of Oklahoma. I placed in the RECORD yesterday a table showing the percentages of parity which the various crops are bringing. The figures were of date January 15, slightly more than 30 days ago, and are the latest we have. At that time wheat was bringing 82 percent of parity, corn 78 percent, oats 89 percent, barley 67 percent, rye 62 percent, flaxseed 70 percent, and so on down the list. It is true that a few commodities are at parity, and a few are above parity, and a few considerably above parity. Soybeans, for example, are above parity, based upon the 1909 to 1919 period, and at that time they were not heard of. They came to be used as feed, and later on it was found they contained valuable oil. So the soybean is now a very valuable commercial product, and it is much more valuable than it could possibly have been when it was used for the feeding of livestock only.

The same thing may be said of cottonseed. Thirty years ago cottonseed was not a valuable product; it was almost worthless. Now, when the seed is taken from the cotton in a regular gin it is run through another process, and every ves-

tige of cotton is taken from it, and the producers get from the cottonseed thousands of bales of very short, fine cotton, what they call linters, valuable in the making of guncotton, if for nothing else.

The cottonseed itself is very valuable. The processors take from the seed the hulls which are valuable. Then they crush the seed for oil, and from the oil they make hundreds of products. After the seed is taken from the lint and the hulls taken from the kernel and the oil taken from the kernel, there is a byproduct called cottonseed cake or cottonseed meal, which is valuable for feed. So it is easy to see why cottonseed is today selling at above parity, as based upon the average 30 years ago.

Mr. BROWN. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROWN. In the first place, in regard to the cottonseed question, the Senator knows that no one battled more than did I, and I think no one with more success, in establishing a reasonable price for cottonseed oil. The Senator recalls the occurrences in the Senate in 1941, when I think I did as well for the cotton growers of the South as if I had been a Representative from Georgia or from Oklahoma.

What I call attention to is that the Senator has repeatedly attacked my statement—he did so yesterday and he has done so today—that farm prices on the average are 102 percent of parity. The official statement of the Department of Agriculture, which is the same source the Senator uses, is as follows:

The average of farm-product prices on January 15 is 102 percent of parity, the Department of Agriculture reported today.

That is without consideration of benefit payments. In regard to the January 15 prices of the three crops to which the Senator has referred, Commodity Credit Corporation's minimum sale price of corn was 83 cents, the benefit payments were 14 cents, so the total was 97 cents a bushel. The current parity price at the farm is 93 cents a bushel. The market equivalent of that farm price is 98 cents. Therefore corn is about 1 percent under parity today.

In the case of wheat, Commodity Credit Corporation's minimum sales price is \$1.31. The benefit payments to the farmer are 18 cents, making a total of \$1.49 as being the price per bushel. The current parity price at the farm is \$1.29. The market equivalent of that parity price is \$1.46. Therefore wheat is approximately 17 cents above parity, considering the benefit payments.

As to cotton, as I have stated many times—and the Senator's figures and mine do not differ in the slightest—18.1 cents a pound as is the minimum sales price, there are benefit payments to cotton farmers of 2.75 cents, making 20.85 cents a pound as the price. The market equivalent of that, that is, taking into consideration the fact that the price is the price at one of the eight or ten concentration points, is 18.1 cents, which is exactly parity today.

Therefore I say that the agricultural administration has achieved its purpose

in reaching parity prices for the farmer in the cases of these essential commodities largely held by the Corporation.

Mr. THOMAS of Oklahoma. Mr. President, the Senator confuses parity price and parity income. It is true, perhaps, in some of these cases, that the farmers are receiving parity income, but they are not receiving parity prices, except in a few isolated cases. I am glad they are receiving parity income. I am only too glad to have the farmer's commodities rise, so that they can be sold at parity prices, and we are trying to keep anyone here or in any other place from driving the prices down below parity. That is the whole effort I am making. I want to see all farm prices reach the highest ceiling provided by law. Then I shall cease my effort.

Wool prices are up, and the wool producers are not complaining. I am glad they are receiving what they are getting. I am glad that the tobacco producers, for example, have their price up to the highest ceiling. I am not complaining about that; but I do want to keep the price of cotton up to a high ceiling. I want to see wheat go up to a high ceiling, to see corn go up to a high ceiling, and to see rice and the other farm products go up. I am opposed to any amendment, any bill, any statement, any activity of anyone, calculated to drive these prices down, especially since we have worked for 10 years to get them up to where they now are.

Mr. BONE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BONE. I am curious about one aspect of the matter. Suppose the parity price of wheat, as has been indicated, is \$1.29 on the farm. If the Commodity Credit Corporation releases on the market 100,000,000 bushels of wheat at \$1.29, which is the parity price, and there is a tendency for the price of wheat to fluctuate one way or the other, will not the fact that the buyer has access to this pool of 100,000,000 bushels of wheat make the price, \$1.29, fixed by the Commodity Credit Corporation, the market price? Is not that amount of wheat sufficient to establish the price, and not permit it to be boosted or depressed?

Mr. THOMAS of Oklahoma. The purpose of the amendment, as I understand it, is to give the Commodity Credit Corporation a free hand to use their 100,000,000 bushels of wheat, their 100,000,000 bushels of corn, their millions of bales of cotton, to dump them on the market when they see fit to do so, in order to drive the price down.

Mr. BONE. Suppose the proposal now before us should become law and under it the Corporation could not sell the wheat or corn or cotton under the parity price. If they released enough of it, and the tendency of the price was to go above that, this would enable them to fix the price at parity. If the price fell below they could not sell for anything under the parity price.

Mr. THOMAS of Oklahoma. That is the purpose of the bill as it is now, but if the amendment should be enacted, the Corporation would not sell at parity price, but would sell at parity income price. If



the farmer gets 15 cents on the farm for cotton, the Agricultural Department can add 3 more cents out of Federal funds, making 18 cents, which is parity. So this amendment provides that the farmer shall receive parity income, but not parity price, and to enable him to obtain parity income we must appropriate this year \$662,000,000. Along with the multiplied billions for defense purposes, we will be called upon to appropriate \$662,000,000 to make up to the farmer the difference between what he receives on the farm and the parity price. If we do not do that, the price will rise to parity.

Mr. BONE. My approach to this question was without any regard to the amendment tendered by the Senator from Michigan. I was thinking only in terms of the pending bill divested of the Brown amendment. It would seem to me that there is sufficient leverage there to maintain parity prices. I was concerned only with the question of how much effect it would have on the parity price with the Department operating under the bill without the Brown amendment. There is ample power to keep the market at parity if it had a tendency to balloon up. If parity was \$1.29 and wheat suddenly zoomed up to \$1.50, the Commodity Credit Corporation would have the power to restore it to \$1.29, because 100,000,000 bushels of wheat is a vast amount, and if there were access to that pool of wheat, that certainly would tend to fix the price.

Mr. THOMAS of Oklahoma. So far as wheat and corn are concerned, the Commodity Credit Corporation can sell their entire supply. They have about 500,000,000 bushels of wheat. It owns 150,000,000 bushels outright and has made loans on 350,000,000 bushels.

Mr. BONE. The possession of that much wheat and corn would enable the Corporation to keep prices above parity.

Mr. THOMAS of Oklahoma. But the purpose of the amendment is not to permit prices to rise to parity, but to keep them from doing so.

Mr. BONE. My question was not with respect to the Brown amendment.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield for a question, but not for a speech.

Mr. BROWN. The Senator has invited me to make a speech.

Mr. THOMAS of Oklahoma. The Senator has made several. I shall yield to him now.

Mr. BROWN. The Senator continually reiterates that my amendment would place a limitation upon the Commodity Credit Corporation. There is now no limitation whatsoever on the Commodity Credit Corporation's right to sell. If the Gillette-Bankhead bill were adopted, with the Brown amendment in it, the Senator will concede that from his standpoint the situation would be better than it is under existing law, because at the present time there is no limitation whatsoever on the power of the Commodity Credit Corporation to sell.

Mr. THOMAS of Oklahoma. Mr. President, in order that I may put some figures into the RECORD I shall ask the

Senate to give consideration to the present status. At the latest date for which we have figures, the farm price of cotton was 16.93 cents. That means that the farmer who grows the cotton on his farm, based on the latest available statistics, is receiving 16.93 cents per pound for his cotton. The parity price is 18.1 cents. So today the farmer is receiving 1.17 cents less than parity. That is \$5.85 a bale less than parity. So today the farmer who sells his bale of cotton is not receiving, by \$5.85 a bale, the parity price. In order that the farmer may receive parity income he must receive a payment from the Federal Treasury to make up the difference between what he is receiving and the parity price, which is \$5.85 a bale.

Mr. President, what are the facts with respect to wheat? The parity price of wheat is \$1.29. The latest figures we have are to the effect that the farmers are receiving \$1.06 a bushel for their wheat on the farm. Subtracting the farm price from the parity price, we find that today, when the farmer sells his bushel of wheat, he receives 23 cents a bushel less than parity. Yet on this floor we hear the argument made that the greedy farm bloc is trying to put its hands in the Federal Treasury.

Only a few years ago I attended the hearings held by the Committee on Agriculture and Forestry, of which the Senator from South Carolina [Mr. SMITH] is chairman. The hearings were held in various cities. In one city a farmer appeared before our committee. He had on old brogans, but no socks of any kind or character. He had on the remnants of an Army pair of pants, patched with cotton sacks and burlap, and a shirt of the same nondescript material. The farmer said, "I have raised cotton all my life. It seems to me that I have grown enough cotton to weave a belt around the earth, yet these are the best clothes I have and the best clothes I can afford."

When hearings were held by the committee 2 years ago; one or two members of the committee were standing in front of a bank in one of the finest towns of the Southwest, located in a fertile valley, surrounded by some of the best farm land in the country.

As we were standing waiting for our hearings to begin a man came out of the bank. He had on very poor clothes, indeed. The knees of his trousers were gone. One who picks cotton does so on his knees, and the knees of the trousers will quickly wear out unless the customary equipment, which is a leather kneecap properly padded, is used for that purpose. He had on a very cheap sweater, which was just as large at the top as it was at the bottom. The sweater was full of lint from the cotton patch. The farmer had in his hand two \$1 bills and 23 cents in change. A friend of his accosted him, to whom he said, "Look, here is what I got for my part from the sale of a bale of cotton. When I took my cotton to the gin I got a check. I took that check to the bank and when my part was paid, my return was \$2.23."

Mr. President, there are Senators who represent consuming sections in the main, Senators who represent the great cities

in the main, who seem to have no conception of the farm problem, and if they do, they care not for the plight of the men who clothe and feed them.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. DOWNEY. Verifying the Senator's statement, I want to say that after several months' investigation of the returns on cotton in the Southern States it seemed undeniable that the people of the cotton-growing States did not receive enough for cotton to enable their people to buy back one-half or one-third of the manufactured cotton products they needed to keep warm and clean. Until the cotton growers of the South are paid sufficient, at least, to enable them to buy back their own cotton in the form of the manufactured products which they so vitally need, I shall be disturbed about the cotton growers of the South getting a high price for their cotton.

Mr. THOMAS of Oklahoma. Mr. President, I said a moment ago that if the pending amendment should prevail it would place a tax, or a possible tax, upon the Treasury in the total sum of \$662,000,000. That represents the request of the Bureau of the Budget approximately, as I understand it. Six hundred and sixty-two million dollars represents only a small part of the cost of this amendment. The Government owns 5,000,000 bales of cotton which it wants to have the right to sell at a loss of \$20 a bale. Multiply 5,000,000 by \$20, and the result is the loss to the Government. That would mean a loss to the Commodity Credit Corporation of \$100,000,000.

That is not all. The Commodity Credit Corporation has approximately 2,000,000 bales of cotton in loans, the title to which is in the farmers. If the price is permitted to rise to parity the farmers will get what they received in the way of a loan in the first instance, plus the difference between that and parity; but if the price is kept down to 15 cents there are 2,000,000 bales of cotton the legal title to which is in the farmers, upon which they will lose \$20 a bale. Multiply 2,000,000 bales by \$20 per bale and we find \$40,000,000 more is lost by the cotton farmers.

Mr. President, these figures are staggering. The Government loses \$100,000,000, and the farmers lose \$40,000,000. There is \$140,000,000 loss on this cotton sold at 15 cents, which could be sold at 18 cents.

The fact is that cotton is selling now for 19 cents a pound in the southern concentration points. That is \$5 more than the parity price, but the farmer does not receive that price.

That is not all. The Government has a vast amount of wheat on hand, which it wants to sell below the parity price. The parity price now is \$1.29. The cash price is \$1.06, or 23 cents below parity. Multiply the amount of wheat which the Government owns by 23 cents, and then multiply the amount of wheat the farmers own by a similar sum, and we find that there is a loss to the farmers of approximately \$200,000,000. The loss on corn is \$200,000,000 more. Add the loss

to the Government on cotton, the loss to the farmers on cotton, the loss to the wheat growers on wheat, and the loss to the corn growers on corn, and the figure reaches almost \$1,000,000,000.

It is on the basis of such figures that the Secretary makes the statement that the bill, if passed, would cost the consumers \$1,000,000,000. If the bill is passed, the farmers will have a chance to get the \$1,000,000,000, and, of course, the consumers will have to pay a little more for their commodities; but is the consumer justified in asking his Government to drive down the price of his food and clothing below the cost of production in order that he may get them at the lowest possible figure?

Mr. BONE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BONE. I have been interested in the newspaper reaction to the efforts which are being made to help the farmer. Almost without exception the newspaper editorials have pictured the farmer as a ruthless Treasury raider. As the picture rests in the public mind, in the minds of many fine persons, we find the farmer pictured by the press of America, in the editorials which have come to my attention, as an outright, forthright Treasury raider. The newspapers have been almost as savage about that question as they were in discussing the congressional retirement plan.

Mr. THOMAS of Oklahoma. Reacting to the suggestion made by the distinguished Senator, if prices are kept below parity it is obvious that farmers will demand of the Congress that money be appropriated from the Treasury to make up to them the difference between what they receive for their commodities and parity. That is the reason the Government is asking for \$662,000,000—\$450,000,000 for soil-conservation payments and \$212,000,000 for parity payments.

Mr. BONE. Apparently Congress is not going to back away from its long-established policy of making those payments in aid of agriculture. If they are to be maintained—and I see no indication that we are to abandon them—obviously they will have to be made. I think it is only a question of how the load is to be carried—either by giving the farmer an increased price which would render financial assistance from the Treasury unnecessary, or by giving him an added price in the market price of his commodities. Am I wrong in assuming that to be the case? If I am I should like to have some Senator explain the matter.

Mr. THOMAS of Oklahoma. The Congress now has an opportunity to take down the bars and let prices rise to parity. That is not the highest ceiling which Congress has provided. Parity is the lowest ceiling. I am not asking for 110 percent of parity. The only excuse for 110 percent of parity is to allow the price of a commodity to rise slightly above parity to offset the price when it was slightly below parity. That is the only purpose of 110 percent of parity. It is not the purpose, and was not the purpose, as I understand, to guarantee the farmer 110 percent of parity. That provision was inserted in the law only to

let the price rise a little above parity. Then the brakes could be put on and the price driven down perhaps a little below parity, so that the prices above and below would average parity.

When we have an opportunity to obtain parity and save the Treasury \$662,000,000 I cannot support the amendment of the Senator from Michigan, which in effect would force the Congress to appropriate \$662,000,000 to make up the soil conservation and the parity payments, those two payments together constituting the benefit payments.

I wonder what the distinguished Senator from Virginia [Mr. BYRD] will say when the bill comes before Congress asking for \$450,000,000 for soil conservation payments and \$212,000,000 for parity payments. I am wondering what my friend from Tennessee [Mr. McKELLAR], who is on the Appropriations Committee, will say. What will the committee say? Even now the administration is stopping appropriations made by Congress for development purposes in various ways, because they are not essential; they are not in the interest of national defense. The Government is not spending the money, the funds already appropriated, and the money is being impounded. Yet we are asked to support an amendment which would make mandatory the appropriation of \$450,000,000 for one purpose and \$212,000,000 for another.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. GILLETTE. If the Senator has finished with that line of thought I wonder if he will permit me to propound an interrogatory along another line?

Mr. THOMAS of Oklahoma. I shall be glad to have the Senator do so.

Mr. GILLETTE. One of the speakers this afternoon has referred to farmers other than the producers of the basic commodities, and the difficulties they would have in securing feed for their stock. He apparently did not know that we had adopted the Aiken amendment, which will permit the Commodity Credit Corporation to sell all its feed at parity, and will permit it to sell any of the feed which has deteriorated at any price it chooses below parity.

In that connection I should like to ask the Senator if I am not correct in stating that every livestock organization, every dairy organization, and every farm organization in the United States has endorsed this proposal so long as it can be kept in the relationship to parity which the Price Control Act provides.

Mr. THOMAS of Oklahoma. The Senator states the situation correctly. If the pending bill should become a law, under the Aiken amendment the Commodity Credit Corporation could sell deteriorated wheat at any price the wheat might be determined to be worth. It could sell cottonseed if it had any. It could sell wheat if it had any—and it has. It could sell corn if it had any—and it has—for seed purposes at a fair price, so that the farmers could obtain seed and feed.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'DANIEL. The Senator from Oklahoma has repeatedly referred to an appropriation of \$662,000,000 which will be necessary to make up parity payments, or the difference between what the farmer receives and what he is entitled to. Is it not a fact that the amendment offered by the Senator from Michigan would entirely remove the floor under the prices at which the Commodity Credit Corporation may dispose of such products, leaving a gap of an undetermined amount to be filled? The amount might be much greater than \$662,000,000.

Mr. THOMAS of Oklahoma. The Senator is entirely correct. I was only using the current figures and reports of the Department in making that estimate.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. I was very much interested in the Senator's reference to the statement of the Senator from Michigan yesterday with respect to an anticipated increase of more than \$1,000,000,000 in the cost of living. I noticed in today's Washington Post an article written by my good friend Robert C. Albright. He uses that figure in his column.

It has been admitted on various occasions by the distinguished Senator from Michigan that the three commodities which are now in the hands of the Government, that is, cotton, wheat, and corn, are today selling for parity, or the farmer is receiving parity. How it can be argued that if we continue to sell those commodities at parity the cost of living will be increased by \$1,000,000,000 is something which I am unable to understand. I may be dumb, but I should like to have some Senator explain the matter to me.

Mr. THOMAS of Oklahoma. As I see it, the statement of the proposal answers the question implied.

Mr. BROWN. Mr. President, I shall be glad to explain it to the Senator.

Mr. THOMAS of Oklahoma. Just a moment, and then I shall conclude.

I wish to call to the attention of the Senate one phase of this matter which has not been discussed in my presence. To hear this debate one would think that the United States is knee-deep in wheat and waist-deep in cotton and corn. One would expect to find a bale of cotton at every step he takes.

What are the facts? We are now using approximately 1,000,000 bales of cotton a month. One million bales of cotton a month are required to run the mills. So at the present time we have barely a 1 year's supply of cotton within continental United States. In 12 months 12,000,000 bales would be required. That is all the cotton we have. Suppose that, during the coming year, for one or various reasons, or a combination of various reasons, the cotton crop should be less than 10,000,000 bales. Suppose there should be a shortage of labor, high-priced fertilizer, great floods such as we have had during the past year in some sections of the country, and drought in other sections; what would then be the conditions? Next year we should not have a 1 year's supply of cotton on hand in the United States. We are now using 1,000,-



000 bales a month in connection with the expansion of our Military Establishment, now numbering 1,700,000 men. By December we shall have 3,600,000 men under arms. A little later we shall have 5,000,000 men under arms; and still later perhaps as many as 7,000,000 or 8,000,000 men under arms. If 1,000,000 bales of cotton a month are required to supply the present Establishment, how much will be required to supply an Army and the incidental uses for that Army when the Army is trebled or quadrupled? I wish the Senate would think about that matter. We are now trying to reduce the price of cotton and practically give it away to get rid of it.

What is the situation with respect to wheat? Is the country under a great cloud of wheat? We have on hand only a year's supply of wheat. In normal times we consume about 600,000,000 bushels of wheat a year, and that is about the amount of wheat we now have. We have a 12 months' supply of wheat in the United States, with a small Army, so to speak. The Army is to be increased. Labor will become scarce. More wheat will be required in the future than is now required; and we now have only 1 year's supply of wheat. Suppose the same thing should happen to the wheat crop next year that has happened in the past. Suppose bugs should get into the wheat, or rust should curtail the production, drought should destroy wheat, and likewise floods to some extent. Suppose there should be a shortage of labor. What might be the situation with regard to wheat before another 12 months have come and gone?

The same thing is true of corn. What is true of one commodity could be true of another.

So we do not have on hand any great supply of cotton; we have only a 12 months' supply. We do not have on hand any great supply of wheat; we have only a 12 months' supply. We have only a 12 months' supply of corn.

I throw out that suggestion for the consideration of the Senate. I am not lamenting, as some Senators seem to be, that we have 5,000,000 bales of cotton in our warehouses belonging to us. I am not complaining that we have 500,000,000 bushels of wheat in our warehouses and storage places belonging to us. I am not complaining that we have 500,000,000 or 600,000,000 bushels of corn—if that be the amount—in our warehouses, granaries, and cribs belonging to us. I am glad of it. If I had my way I should not sell much of that cotton wheat, or corn until we can see what next year's crop is likely to be. Then we can take some steps. We shall be here every day—or some of us will. We shall be here next fall. We shall be here next winter. We shall be here next spring. Will we suffer any irreparable loss by holding the cotton we have?

Another idea, Mr. President, is that we shall not acquire any more cotton under the loan program. The men who secured loans on the cotton got only approximately 14 cents a pound for it. They will not let the Government take over the cotton at 14 cents a pound. At their call the cotton must be sold. The

Commodity Credit Corporation will get its part and the farmer will get the balance. But we shall get no more loan cotton and no more loan wheat, Mr. President, and no more loan corn unless, perchance, we have a great overabundance next year. Under such conditions, if loans must be made next year, then the price will go down to such a point that the farmers will not be able to protect themselves.

Mr. President, as I see the picture, there is not a single reason in the world why the amendment should be agreed to, but there is every reason why it should be rejected.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. GILLETTE. I wish to correct a statement which, if I correctly understood the Senator, he inadvertently made. I believe he referred to the fact that some of the Senators opposing the measure had referred to the farmer's representatives or the farmers as "the greedy farm bloc." I do not believe the Senator intended to make such a statement.

Mr. THOMAS of Oklahoma. No. If I made such a statement, far be it from me to mean that, because such a thought was the farthest from my mind.

Mr. GILLETTE. The statement was made by certain newspapers and individuals, but not by any Senator.

Mr. THOMAS of Oklahoma. That is correct. I know of no Senator or anyone who would like to be a Senator, or anyone who has been a Senator—and the statement applies to the Members of the House of Representatives—who, if he knew the facts, would think of making such a statement, because it is wholly aside from the facts.

Mr. THOMAS of Oklahoma subsequently said: Mr. President, since the discussion closed, two messages have been delivered, one addressed to the Senator from Iowa [Mr. GILLETTE], signed by Mr. M. W. Thatcher, and one addressed to me, signed by Richard T. Harriess. I ask that the two messages may be placed in the RECORD at the conclusion of the remarks I made a few moments ago.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN., February 25, 1942.

Hon. GUY M. GILLETTE,

Senate Office Building:

Have just sent the following telegram to the Honorable JOHN BANKHEAD:

"The undersigned, at special meetings held at Kansas City, Mo., directed me to vigorously support and demand the bill offered by yourself and Senators GILLETTE and THOMAS of Oklahoma to protect farmers against the Federal agencies selling farm products below parity prices. There should be a provision which would determine parity price for the 'contract grade' and thus permit normal premiums and discounts for grade and quality differentials to assert themselves in the cash market. Parity and soil-practice payments should be excluded in determination of such prices, because such payments cover reduced production on the one hand and soil protection and improvement on the other. Your bill should include a provision which would prohibit the Commodity Credit Corporation from selling farm

products to the 'normal buyers' unless through public hearings the Secretary of Agriculture would determine that private and cooperative distributors will not serve the Commodity Credit Corporation at reasonable service rates.

"The National Farmers Union is the dominant farm organization in the important wheat States in the field of membership and cooperative marketing. The National Federation of Grain Cooperatives includes every regional cooperative grain-marketing institution west of the Mississippi River and renders services to grain producers in all of those States and does a business in excess of \$100,000,000 a year."

May we have your vigorous support of this bill?

M. W. THATCHER,  
Chairman, National Farmers Union  
Legislative Committee; President,  
National Federation of Grain Co-  
operatives.

NEW YORK, N. Y., February 25, 1942.

Senator ELMER THOMAS,

Senate Office Building,

Washington, D. C.:

For your information the average price received by farmers for their cotton during the 10 crop years 1931-32 to 1940-41, inclusive, was 9.50. The average parity price during this same decade was 15.8. Thus for these 10 years cotton farmers received only 60 percent of parity, hence have an accumulated deficit of 40 percent of parity. Can you wonder that the administration has designated the South as the Nation's No. 1 economic problem? If the cotton farmer receives 110 percent of parity for the next 40 years he would then and only at that time be on a par with industrial labor.

RICHARD T. HARRISS.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. BROWN].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

Mr. BANKHEAD. I join in the suggestion of the Senator from Oklahoma; I want every Senator to be given a chance to be present and to vote.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Ellender	Nye
Austin	Gerry	O'Daniel
Bailey	Gillette	O'Mahoney
Ball	Green	Overton
Bankhead	Gulley	Radcliffe
Barbour	Gurney	Reed
Barkley	Hayden	Reynolds
Bilbo	Herring	Rosier
Bone	Hill	Russell
Brewster	Holman	Schwartz
Brown	Hughes	Smathers
Bulow	Johnson, Calif.	Stewart
Bunker	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Byrd	La Follette	Thomas, Okla.
Capper	Langer	Tobey
Caraway	McCarran	Truman
Chavez	McKellar	Tunnell
Clark, Idaho	McNary	Tydings
Clark, Mo.	Maloney	Van Nuys
Connally	Maybank	Wallgren
Danaher	Mead	Walsh
Davis	Millikin	White
Downey	Murray	Wiley
Doxey	Norris	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Michigan [Mr. BROWN]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I am not advised how he would vote. If permitted to vote, I should vote "yea."

Mr. OVERTON (when his name was called). On this vote I have a pair with the Senator from Michigan [Mr. VANDENBERG]. I transfer that pair to the Senator from Montana [Mr. WHEELER] and will vote. I vote "nay."

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. I transfer that pair to the senior Senator from Minnesota [Mr. SHIPSTEAD], who, I understand, if present, would vote "nay." So I am at liberty to vote, and vote "nay."

Mr. TAFT (when his name was called). On this vote I have a pair with the senior Senator from South Carolina [Mr. SMITH]. If the senior Senator from South Carolina were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. BYRD. My colleague, the senior Senator from Virginia [Mr. GLASS], has a general pair with the junior Senator from Massachusetts [Mr. LODGE]. If present and permitted to vote, the senior Senator from Virginia would vote "yea." I am not advised how the junior Senator from Massachusetts would vote.

Mr. THOMAS of Oklahoma. The junior Senator from Oklahoma [Mr. LEE] is necessarily absent. If present, he would vote "nay."

Mr. McNARY. The junior Senator from Indiana [Mr. WILLIS] is necessarily absent. If present, he would vote "nay."

Mr. HAYDEN. The junior Senator from Arizona [Mr. McFARLAND] is necessarily absent. If present, he would vote "nay."

Mr. RUSSELL. My colleague the senior Senator from Georgia is necessarily absent. If present, he would vote "nay."

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH], the Senator from South Carolina [Mr. SMITH], and the Senator from Utah [Mr. MURDOCK], are absent from the Senate because of illness.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Illinois [Mr. LUCAS], the Senator from Utah [Mr. THOMAS], the Senator from Arkansas [Mr. SPENCER], and the Senator from New York [Mr. WAGNER], are necessarily absent.

The Senator from Montana [Mr. WHEELER] is detained in a committee meeting. I am advised that if present and voting, he would vote "nay."

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent as a result of injury and illness. He has a

general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Massachusetts [Mr. LODGE], who has a general pair with the Senator from Virginia [Mr. GLASS], is necessarily absent. I am not advised how he would vote.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent because of illness. If present, he would vote "nay."

The Senator from Michigan [Mr. VANDENBERG] is absent on official business. He has a pair with the Senator from Louisiana [Mr. OVERTON]. If present, the Senator from Michigan would vote "yea."

The Senator from Nebraska [Mr. BUTLER] is necessarily absent. If present, he would vote "nay."

The Senator from Illinois [Mr. BROOKS] is necessarily absent.

The result was announced—yeas 24, nays 48, as follows:

#### YEAS—24

Austin	Gerry	Tobey
Barbour	Green	Truman
Barkley	Guffey	Tunnell
Brewster	Kilgore	Tydings
Brown	Maloney	Van Nuys
Burton	Mead	Wallgren
Byrd	Radcliffe	Walsh
Danaher	Smathers	White

#### NAYS—48

Aiken	Ellender	Millikin
Bailey	Gillette	Murray
Ball	Gurney	Norris
Bankhead	Hayden	Nye
Bilbo	Herring	O'Daniel
Bone	Hill	O'Mahoney
Bulow	Holman	Overton
Bunker	Hughes	Reed
Capper	Johnson, Calif.	Reynolds
Caraway	Johnson, Colo.	Rosier
Chavez	La Follette	Russell
Clark, Idaho	Langer	Schwartz
Clark, Mo.	McCarran	Stewart
Connally	McKellar	Thomas, Idaho
Downey	McNary	Thomas, Okla.
Doxey	Maybank	Wiley

#### NOT VOTING—24

Andrews	Hatch	Smith
Bridges	Lee	Spencer
Brooks	Lodge	Taft
Butler	Lucas	Thomas, Utah
Chandler	McFarland	Vandenberg
Davis	Murdock	Wagner
George	Pepper	Wheeler
Glass	Shipstead	Willis

So Mr. BROWN's amendment was rejected.

Mr. TAFT. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 3, after the word "hereafter", it is proposed to insert "until December 31, 1944, or until such earlier time as the Congress by concurrent resolution may designate."

Mr. TAFT. Mr. President, this amendment would have the same effect as the one I offered earlier and withdrew. I have made the term conform to the provision in the second War Powers Act, which was adopted by the Senate, so that the amendment now reads the same as the provision which was offered to that act by the Senator from Missouri [Mr. CLARK].

Mr. BANKHEAD. Mr. President, the authors of this bill are familiar with the amendment of the Senator and have no objection at all to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT].

The amendment was agreed to.

The VICE PRESIDENT. The bill is still before the Senate and open to further amendment. If there be no further amendment proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. CLARK of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered; and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the Senator from Kentucky [Mr. CHANDLER], who is necessarily absent. I, therefore, withhold my vote.

Mr. OVERTON (when his name was called). On this vote I have a pair with the senior Senator from Michigan [Mr. VANDENBERG]. I transfer that pair to the senior Senator from Montana [Mr. WHEELER] and will vote. I vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER], who is absent because of illness. On this vote, I transfer that pair to the senior Senator from Minnesota [Mr. SHIPSTEAD]. If the Senator from Minnesota were present, he would vote "yea," and, if the Senator from New York were present, he would vote "nay." I vote "yea."

The roll call was concluded.

Mr. THOMAS of Oklahoma. My colleague the junior Senator from Oklahoma [Mr. LEE] is necessarily absent. Were he present, he would vote "yea."

Mr. McNARY. I again announce that the junior Senator from Indiana [Mr. WILLIS] and the junior Senator from Nebraska [Mr. BUTLER] are necessarily absent. If present, both Senators would vote "yea."

Mr. HAYDEN. I announce that if my colleague the junior Senator from Arizona [Mr. McFARLAND] were present, he would vote "yea."

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. GLASS] has a general pair with the Senator from Massachusetts [Mr. LODGE]. If my colleague were present and permitted to vote, he would vote "nay." I am not advised how the Senator from Massachusetts [Mr. LODGE] would vote if present.

Mrs. CARAWAY. I announce that my colleague the junior Senator from Arkansas [Mr. SPENCER] is necessarily absent. Were he present, he would vote "yea."

Mr. RUSSELL. My colleague the senior Senator from Georgia [Mr. GEORGE] is necessarily absent. Were he present, he would vote "yea."

Mr. BANKHEAD. The senior Senator from South Carolina [Mr. SMITH] is absent because of illness. If present, he would vote "yea."

Mr. CHAVEZ. My colleague the senior Senator from New Mexico [Mr. HATCH] is absent because of illness. If present, he would vote "yea."



Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent as a result of injury and illness. He has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Michigan [Mr. VANDENBERG] is absent on official business. He has a pair with the Senator from Louisiana [Mr. OVERTON]. If present, the Senator from Michigan would vote "nay."

The Senator from Illinois [Mr. BROOKS] is necessarily absent.

Mr. HILL. I announce that the Senator from Utah [Mr. MURDOCK] is absent from the Senate because of illness.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Illinois [Mr. LUCAS], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Montana [Mr. WHEELER] is detained in a committee meeting. I am advised that if present and voting he would vote "yea."

The result was announced—yeas 50, nays 23, as follows:

## YEAS—50

Aiken	Gillette	Norris
Bailey	Gurney	Nye
Ball	Hayden	O'Daniel
Bankhead	Herring	O'Mahoney
Bulbo	Hill	OVERTON
Bone	Holman	Reed
Bulow	Hughes	Reynolds
Bunker	Johnson, Calif.	Rosier
Capper	Johnson, Colo.	Russell
Caraway	La Follette	Stewart
Chavez	Langer	Taft
Clark, Idaho	McCarran	Thomas, Idaho
Clark, Mo.	McKellar	Thomas, Okla.
Connally	McNary	Tunnell
Downey	Maybank	Wallgren
Doxey	Millikin	Wiley
Ellender	Murray	

## NAYS—23

Austin	Gerry	Smathers
Barbour	Green	Tobey
Barkley	Guffey	Truman
Brewster	Kilgore	Tydings
Brown	Maloney	Van Nuys
Burton	Mead	Walsh
Byrd	Radcliffe	White
Danaher	Schwartz	

## NOT VOTING—23

Andrews	Hatch	Smith
Bridges	Lee	Spencer
Brooks	Lodge	Thomas, Utah
Butler	Lucas	Vandenberg
Chandler	McFarland	Wagner
Davis	Murdoch	Wheeler
George	Pepper	Willis
Glass	Shipstead	

So the bill (S. 2255) was passed.

## PROGRAM FOR THE WEEK

Mr. BARKLEY. Mr. President, I wish to announce that tomorrow we hope to dispose of the appropriation bill which the Senator from Tennessee [Mr. McKELLAR] will presently move to take up, and following that I hope we may have a call of the calendar for the consideration of measures to which there is no objection, and probably dispose of one or two other routine measures, after which the hope is that we may adjourn over until the following Monday.

## FIFTH SUPPLEMENTAL DEFENSE APPROPRIATIONS

Mr. McKELLAR. Mr. President, I move that the Senate proceed to consider House bill 6611, making additional appropriations for the national defense.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

## REGULATION OF FEES IN CERTAIN CASES

Mr. BONE. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 5880, relating to the fees of clerks in certain cases. I should not make this request except that it is a very important matter for my State, which is particularly affected by the bill. It is not general legislation.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 5880) to abolish certain fees charged by clerks of the district courts and to exempt defendants in condemnation proceedings from the payment of filing fees in certain instances, which was read, as follows:

*Be it enacted, etc.,* That section 3 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857, as amended; U. S. C., 1933 ed., title 28, sec. 550), is amended by striking out the period at the end thereof and inserting a colon and the following: "And provided further, That in any proceeding instituted under any law of the United States to acquire property or any interest therein by eminent domain, defendants and other parties adverse to the condemnor shall not be required to pay the fees prescribed by this section."

SEC. 2. Paragraph 8 of section 8 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857; U. S. C., 1934 ed., title 28, sec. 555), is hereby repealed.

Mr. BONE. Mr. President, there are a great many Government condemnations in my section of the country which, of course, is true of all sections, but in our State the defendant is required to go into court and pay a \$5 appearance fee, and \$2 for filing certain other papers. The bill now before us would eliminate the payment of those small fees. Clerks are salaried officers, and there is no real merit in allowing the payment of such fees, and the Committee on the Judiciary of the Senate has agreed to their abolition.

There is another provision to the bill, and I think every Senator will agree that the practice at which the second provision is aimed is a very stupid one. For many years there has been on the statute books a provision requiring the clerk of court to collect a 1-percent fee for a certain type of transaction. In my State certain power districts have condemned some portions of a private power system. In one instance they paid \$5,000,000 for the system, and in another six million. This old, archaic provision of law allows the clerk to collect 1 percent of the amount involved merely for taking the check through the wicker and passing it on to someone else. That amounted to \$50,000 in one case and \$60,000 in an-

other. Such a fee is outrageous. There are very few operations of this kind; it is well off the beaten path, and the bill merely abolishes that one specific thing, which has really no counterpart in other provisions of the law. It is a tragic price for a little power district of farmers in my section of the country to pay for the privilege of taking over a piece of property. The bill would abolish that requirement. The Committee on the Judiciary accepted the provision, and reported the bill favorably, and I ask that the bill be passed.

The VICE PRESIDENT. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

## PACIFIC AND ALASKAN DEFENSES

Mr. REYNOLDS. Mr. President, 5 years ago I seriously suggested that our Government acquire from our sister Republic of Mexico the peninsula known as Lower California, which belongs to that Republic. On innumerable occasions since then, several times on the floor of the Senate, I have repeated the suggestion, rather feeling that if ever we became involved in war, our enemies on the Pacific would doubtless be the Japanese, and that unless we owned the peninsula of Lower California, and thereby controlled the waters lying between that peninsula and the mainland of Mexico, there would be grave danger of our enemy in the Pacific sheltering ships and submarines in the waters there to be found, and grave danger of their establishing enemy air fields perhaps, in the great open spaces of the peninsula.

I have chosen this opportunity to mention this situation since when the President was delivering his address night before last shells fell upon California soil, and further for the reason that I noticed in the headlines of today's newspaper that enemy planes were observed flying over Los Angeles and San Francisco.

I am rather of the layman's opinion that were they Japanese enemy planes they no doubt came from a section which we have not been able to guard as well as we might have guarded it had we had control of the area of which I have just spoken.

I do not for a second desire anyone to infer from my words or suggestions that I am in anywise criticizing our neighbors to the south, the Mexicans, for not now guarding well our borders and the Pacific coast of their land, because were I to do so we would be subject to criticism for having permitted enemy U-boats to wend their way through our so-called band of steel in the Caribbean and making an attack upon Aruba and Curacao, as was done several days ago.

Mr. President, I now wish to bring to the attention of the Members of this body a letter written to me under date of February 18, 1942, by Charles A. Bland, port traffic manager, Board of Harbor Commissioners, Long Beach, Calif., in reference to the subject concerning which I have just spoken. I request that his letter be published at this point as a part of my remarks, together with an editorial from a California newspaper, the Long Beach Telegram, of February 13, 1942, entitled "Good Idea: Not Usable."

There being no objection, the letter and telegram were ordered to be printed in the RECORD, as follows:

BOARD OF HARBOR COMMISSIONERS,  
Long Beach, Calif., February 18, 1942.  
HON. ROBT. R. REYNOLDS,  
Senate Office Building,  
Washington, D. C.

DEAR BOB: I enclose herewith an editorial clipping from the Long Beach Press-Telegram dated Friday, February 13, concerning the purchase of Lower (Baja) California, from which you will note that the California conference of the Daughters of the American Revolution have taken an interest in this matter.

Now that the femmes have moved in maybe something can be accomplished.

As I recall it you were quoted as being favorable to the acquisition of the peninsula by the Government. I am more or less familiar with the area, and unquestionably this country should acquire it, if it is possible to do so.

Now that our relations with Mexico have improved we should open up negotiations with them. This peninsula is similar in all respects to the peninsula of Florida, and could be developed, the same way Florida has been developed, if not even to a greater extent. The development possibilities are tremendous along both the Pacific shore as well as the eastern shore along the Gulf of California.

I spent a week in Miami last November and was very much impressed with the tremendous development in that area. A similar development program could be carried on in Lower California. All it needs is a high-powered promoter.

At the moment it's an undeveloped virgin area, and if you care to have me do so I will be glad to dig up all available data concerning the area and send it to you.

With kindest regards,  
Sincerely,

CHAS. A. BLAND,  
Port Traffic Manager.

[Enclosure.]

#### GOOD IDEA: NOT USABLE

Purchase of Lower California by the United States has been proposed in a resolution now pending before the California Conference of the Daughters of the American Revolution. The chief purpose is to prevent the expansion of Japan's colonial ambitions in territory immediately adjacent to the United States.

It is a worthy desire, but it has its handicaps. In the first place, the Mexican Constitution forbids any such action. While it might be possible to amend the constitution, that would be a difficult process, and it might stir up strife between two nations that have been gradually increasing their friendly relations to a point where Mexican cooperation for defense of the hemisphere has become more and more pronounced. The present regime in Mexico is giving particular attention to the defense of the Pacific coast, and no doubt is fully familiar with the Japanese situation in Lower California and along the coast farther south.

It is unfortunate that events could not have been foreseen when the United States and Mexico settled their differences at the close of the war between the two countries in 1848. The treaty of peace should have included the transfer of Lower California to this country, along with Alta California; but that is past history now.

Mr. REYNOLDS. Mr. President, in connection with Pacific defenses I wish to make one other remark in regard to matters relating to the safety of the American people. In 1938 I visited all of Alaska. I was at the northernmost point

of the Western Hemisphere, known as Point Barrow. I also visited Fairbanks, Juneau, the capital, and Seward. I visited the Pribilof Islands, as well as the Diomedes, and I was likewise in the Aleutian Islands. On my return from that visit, and speaking to the Members of this body about the tour I had made, I suggested then that immediate consideration should be given to the fortification of Alaska, mentioning at that time—more than 3 years ago—that if ever we became involved in a war in the Pacific it would certainly be either with Japan or Russia, and in view of the fact that the Aleutian Islands, our possessions, are in the immediate proximity of Russian and Japanese territory, that we should there first be prepared, because our Aleutian Islands of the Alaskan Territory are closer to Russia and Japan than any other portion of continental United States or our Territories or insular possessions. That was in 1938.

In January of 1939, according to my recollection, when I was interesting myself in that subject in this body, an appropriation of about \$13,000,000 was requested for the fortification of those defenses. That request finally came to the attention of this body, and as I recall, the \$13,000,000 appropriation was made in the Senate. The then Senator from Washington, Mr. Schwellenbach, and I, succeeded in getting placed in the appropriation bill that mere drop in the bucket appropriation of \$13,000,000. Matters have developed since then to prove that Alaskan Territory in the present struggle, insofar as the Pacific is concerned, is going to prove to be the most important section of our portion of the world.

A moment ago on the floor of the Senate I was talking with the Senator from Washington [Mr. BOWEN], who for many years has been greatly interested in the development of the Alaskan Territory, for it is, one might say, adjacent to his Commonwealth of Washington. We discussed very briefly the suggestion in reference to the extension of the Pan-American Highway across British Columbia to Fairbanks in the center of Alaska. I wish to say that in 1938, when I was in Alaska with the then Assistant Secretary of War, Mr. Louis Johnson, I advocated as strongly as I could the immediate construction of that highway, and, now that our Navy and Army officials recognize that the development of such a highway is essential, I am highly pleased that our President has but recently stated that an appropriation initially in the amount of \$25,000,000 should be made for the immediate development of the highway from the American border to Fairbanks in the center of Alaska.

Mr. President, I express now merely a layman's viewpoint. As chairman of the Military Affairs Committee of the United States Senate it has been my personal policy to go along 100 percent with every single request which the War Department has made of that committee. I have by some been severely criticized for not opposing any measures that have come before the committee, but I may say that prior to that I was criticized by the same persons for maintaining the view of the isolationists.

I have no apologies to make for having gone along 100 percent with the requests of the War Department, because, as a Member of Congress, I recognize that we must place our faith in someone, and I am perfectly willing that we should place our faith in our leaders, and the directors, and the officials of the War Department in carrying on this war. Nevertheless, I know that it is my privilege, as expressed by our great President only recently, to give expression to my thoughts and ideas, so now I do so, not as chairman of the Military Affairs Committee, not as endeavoring to hold myself out as an expert upon military matters, for I know nothing about them except that which I have gleaned from the press and the knowledge which I have obtained as a member of the Military Affairs Committee for a number of years; but I wish to say that, as a layman and as a Member of this body, I am of the opinion, which is sound, I believe, that in order to bring about the defeat of Japan and to stop Japan, which is one of our two objectives, we must concentrate our efforts and thoughts upon one point.

I am rather of the opinion that we could best stop Japan, that we could make better progress, if we should now, as has been suggested by some of our military experts and as I suggested a number of years ago, concentrate our thoughts and our attention upon the construction of the highway across Canada to Fairbanks, in the center of the vast Territory of Alaska, and likewise develop our airways across the Canadian border to Alaska.

In that connection I note that our friendly neighbors, the Canadians, have agreed that the Northwestern Airways may have passage through Canada.

I think also that we should not only bring about a greater development of our naval bases at Sitka, the old Russian capital, and on Kodiak Island, and likewise at Dutch Harbor, which is our westernmost naval base and lies at the base of the Bering Sea, but that we should concentrate immediately upon the development of the Aleutian Islands, all of which belong to us, as far westward as Attu, which island is a distance of about 1,500 miles westward, in the chain of islands extending in arm-like fashion through the Pacific to the immediate proximity of Japanese territory.

The island of Attu is of considerable area, insofar as islands in that section of the world go. It is only a very few hundred miles from islands which belong to the Russians and to the Japanese. Attu itself is only about 1,000 miles from what may be called the mainland of Japan, one island of which virtually holds the larger part of the population of Japan. The bulk of the 90,000,000 Japanese are inhabitants of one island on which we find the great industrial war-weapon-making section, in which are cities such as Yokohama, Tokyo, Osaka, and Kobe. If and when we shall have cleared the Pacific by way of the Alaskan coast and the Aleutian group to the territory of Japan, and if and when we shall have established our stone steps, one by one, to our most western outpost of Attu, then we can with



our flying fortresses and our big bombers without great difficulty attack the great industrial centers of Japan. With a thousand or more of our flying fortresses and our tremendous bombers from the springboard of the Aleutian Islands I am confident we can destroy hundreds of thousands of Japanese, we can spill the blood of those who have taken the lives of our sons in the Philippines, in the Dutch East Indies, in China, and the Malay States.

The sooner we find ourselves in a position to attack, and do attack, the industrial centers and nests of Japanese, millions of whom are engaged in making implements of war, the sooner we shall cut from under their foreign forces the foundations of the Japanese Government and the sooner we shall win this war and conserve the lives of 1,000,000 young American soldiers who may die in the Dutch East Indies, in Australia, in the Malay States, in Indochina, in Burma, and in China itself, including the island of Victoria, upon which the city of Hong Kong is situated.

It is my impression from what I hear, from what I have seen with my own eyes, and from what I have read in the writings of so-called military experts, that we can best annihilate the enemy by immediately destroying his foundations. The sooner we find ourselves in a position to kill several hundred thousand Japanese in their homeland and destroy the plants which are engaged in the manufacture of implements of war with which to murder our own sons the sooner we can destroy the morale of the enemy. The sooner we can blast into death and hell itself the Japanese people who are supporting this war of aggression the sooner we shall win the war in the Pacific, and the sooner we shall begin the conservation of the lives of American soldiers in the Orient.

Mr. President, I have taken the opportunity to make these observations because I feel that it is the duty of every American citizen to give expression to any ideas which he may personally feel might be worth something to his Republic in this hour of peril. I believe it is his duty to give expression to such ideas if he feels within himself that they are well worth while, regardless of whether anybody else agrees with him.

So far as I am concerned, I have not the slightest doubt in my mind as to our ultimate victory in this war. It is true that we were attacked in dastardly fashion at a time when we were negotiating for peace. It is true that the enemy slipped up behind us and struck with his stiletto at an hour when we were not watching for him. It is true that the Japanese have been eminently successful in the Orient; but their successes have not been attributable altogether to their courage and their preparedness. They have been the result in many instances of fifth-column activities, which accounted for about 35 percent of their success in the Malay States when they first pounced upon Penang and proceeded southward through the Malay States to Singapore.

Although it is not generally known, those who have taken the trouble to inquire find that the fall of the Island of

Victoria, upon which is located the city of Hong Kong, was attributable to the extent of about 50 percent to fifth-column activities. Today we are rounding up alien enemies in this country and putting forth every effort to protect ourselves internally in order that we may, as a great Nation in pleasant and courageous unity, proceed to the annihilation of the enemy in all parts of the world wherever he may be found.

In conclusion, in reference to the one thing which has greatly hampered us in America in our war efforts, namely, fifth-column activities by alien enemies and alien criminals, let me say that, were it within my power to have charge of matters relating to the distressful events which have prevented our going forward as rapidly as we perhaps might have, I should without hesitation place within a concentration camp—and by that I mean an enclosure surrounded by barbed wire, electrically charged, every single alien enemy within the confines of the United States. I would keep such alien enemies there until we have won this war. I make that suggestion without the slightest hesitation. We are informed, through the columns of the press, that the Japanese have mistreated our nationals in the Philippines and have not allowed them any liberties of any nature whatsoever. I think we should give the Japanese a dose of their own medicine.

I thank the Senate for having given me such a very earnest and eager ear. I appreciate it with my whole heart.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to consider executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

By Mr. WALSH, from the Committee on Naval Affairs:

Sundry officers for appointment and promotion in the Navy.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the calendar.

#### THE JUDICIARY

The legislative clerk read the nomination of John D. Clifford, Jr., to be United States attorney for the district of Maine.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Joe V. Gibson to be United States attorney for the northern district of West Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Benjamin B. Mozee to be United States marshal for the second division, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles R. Price to be United States marshal for the western district of North Carolina.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters. Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

Mr. BARKLEY. I ask unanimous consent that the President be immediately notified of all confirmations of today.

The VICE PRESIDENT. Without objection, it is so ordered.

#### RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 43 minutes p. m.) the Senate took a recess until tomorrow, Thursday, February 26, 1942, at 12 o'clock noon.

#### NOMINATIONS

Executive nominations received by the Senate February 25 (legislative day of February 13), 1942:

##### COLLECTOR OF CUSTOMS

William Jennings Bryan, Jr., to be collector of customs for customs collection district No. 27, with headquarters at Los Angeles, Calif. Reappointment.

##### TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

###### TO BE A BRIGADIER GENERAL

Col. James Clawson Roop, Army of the United States.

###### TO BE A LIEUTENANT GENERAL

Maj. Gen. Joseph Warren Stilwell (brigadier general, U. S. Army), Army of the United States.

##### APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES

Brig. Gen. James Alexander Ulio (colonel, Adjutant General's Department), assistant The Adjutant General for appointment in the Regular Army of the United States as The Adjutant General, with the rank of major general, for a period of 4 years from date of acceptance, vice Maj. Gen. Emory S. Adams, The Adjutant General, to be retired February 28, 1942.

##### TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

###### TO BE MAJOR GENERALS

Brig. Gen. Follett Bradley (colonel, Air Corps), Army of the United States.

Brig. Gen. George Churchill Kenney (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Brig. Gen. Oliver Patton Echols (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Brig. Gen. Henry Jervis Friese Miller (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Brig. Gen. Thomas Jay Hayes (colonel, Ordnance Department), Army of the United States.

Brig. Gen. Ralph McTyeire Pennell (colonel, Field Artillery), Army of the United States.

#### TO BE BRIGADIER GENERALS

Col. Westside Torkel Larson (lieutenant colonel, Air Corps), Air Corps.

Col. John Kenneth Cannon (lieutenant colonel, Air Corps), Air Corps.

Col. Samuel Martin Connell (lieutenant colonel, Air Corps), Air Corps.

Col. Barney McK. Gilles (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. William E. Kepner (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. Asa North Duncan (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. Bennett Edward Meyers (major, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. Kenneth Bonner Wolfe (major, Air Corps; temporary lieutenant colonel, Army of the United States), Air Corps.

Col. Ralph Hudson Wooten (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. Dwight Frederick Johns (lieutenant colonel, Corps of Engineers), Army of the United States.

Col. George Clark Dunham (lieutenant colonel, Medical Corps), Army of the United States.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate February 25 (legislative day of February 13), 1942:

#### UNITED STATES ATTORNEYS

John D. Clifford, Jr., to be United States attorney for the district of Maine.

Joe V. Gibson to be United States attorney for the northern district of West Virginia.

#### UNITED STATES MARSHALS

Benjamin B. Mozee to be United States marshal for the second division, district of Alaska.

Charles R. Price to be United States marshal for the western district of North Carolina.

#### POSTMASTERS

##### COLORADO

Edgar I. Crutchfield, Akron.  
Margaret E. McCrone, Creede.  
Herman W. Neuhaus, Woodmen.

##### ILLINOIS

Ernest J. Kruetgen, Chicago.  
Delos Solterman, Evergreen Park.  
Leah Pearl York, Hartford.  
Ernest O. Reaugh, Kewanee.  
Forest Vernon McNabney, Menard.  
Earle E. Bower, Richmond.  
James Higgins, St. David.  
Herman E. Rinkema, South Holland.

##### LOUISIANA

John M. Carville, Plaquemine.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 25, 1942

The House met at 12 o'clock noon.

The Chaplain, Rev. James Spera Montgomery, D. D., offered the following prayer:

Our Father and our God, we lift our hearts to Thee in prayer; have mercy upon us and blot our transgressions; rebuke our impatience and show us our imperfections. Behold us with Thine eyes, whose power is in their compassion, and give us strength to overcome our tendencies with all the earnestness of our being. While the whole earth seems to sigh and groan, O God, redeem and restore us, clearing the way for a new life whose task shall be to lift men up from the abyss of hate and sorrow.

Dear Lord, in this world where so many things are wrong and difficult, speak to our citizens as never man spake, teaching us that until we cease longing for pleasure, seeking rewards, and indulging in prodigal wastes, we shall fail in strength to endure that which is painful and hard. We pray Thee to inspire us with faithfulness and loyalty, keeping those silent promises made to ourselves, leading us to a just life, justly honored. In an ease-loving day, do Thou disturb our country's complacency and allow not our story of human freedom to be one long, piteous tragedy. Oh, let it be soon heralded, now the mighty have fallen and the weapons of oppressors tremble and break in defeat, as the cruel hands struggle to recover. In the name of the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 6470. An act to extend the time within which the amount of any national marketing quota for tobacco, proclaimed under section 312 (a) of the Agricultural Adjustment Act of 1938, may be increased.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 6446) entitled "An act to provide for continuing payment of pay and allowances of personnel of the Army, Navy, Marine Corps, and Coast Guard, including the retired and reserve components thereof, and civilian employees of the War and Navy Departments, during periods of absence from post of duty, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WALSH, Mr. TYDINGS, and Mr. DAVIS to be the conferees on the part of the Senate.

#### REMOVAL OF TARIFF DUTIES ON SCRAP IRON, ETC.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6531) to suspend the effectiveness during the existing national emergency of tariff duties on scrap iron, scrap steel, and nonferrous scrap, which I send to the desk and ask to have read.

The SPEAKER. The Clerk will report the title of the bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Will the gentleman from North Carolina please explain the bill?

Mr. DOUGHTON. Mr. Speaker, the purpose of the bill, which has a unanimous report from our committee, after considerable hearings, especially of those who are interested in the legislation, is to suspend, during the national emergency, the tariff duties on scrap iron and scrap steel and non-ferrous-metal scrap. The War Production Board, and those responsible for the production of war materials, appeared before our committee and said, that after exhausting all available domestic scrap, we would be then at least 6,000,000 tons per year short. We all know that to win the war we must have steel and scrap steel and scrap iron and non-ferrous scrap, such as scrap copper and brass, and material of that sort are necessary in the manufacture of steel. They are not only essential, but are necessary in the production of steel. Therefore, in order to go forward with full production of war materials, those responsible for the production of such materials, convinced our committee beyond the shadow of a doubt—and everyone knows that when you convince a Republican member of the Ways and Means Committee that it is justifiable to suspend the tariff on anything, it must be a good case. As I said, those who appeared as witnesses convinced the members of our committee that this is a necessary piece of legislation. It is a war measure pure and simple. We are short at least 6,000,000 tons per year of necessary scrap material, that much short in our domestic production. I may say in that connection that the Department of Agriculture is now conducting a campaign, as are other agencies of the Government interested in scrap steel, to try to obtain all of the domestic scrap possible. This campaign is being carried on among the farmers and elsewhere, in order to secure all of the available scrap in the United States. After that is done, we will still be short and it is necessary in order that full production of war materials go forward, as I say, that tariff duties be suspended. It was stated before our committee and not contradicted, that the high duties now on imported materials of this kind are such that they prevent the importation of scrap.

Mr. MARTIN of Massachusetts. The duty is 4 cents a pound on scrap, is it not?

Mr. DOUGHTON. Yes. I understand there is a ceiling on copper, and that copper is so scarce that some high-cost copper mines are being subsidized, and that all copper available and the other scrap material that can be secured in the United States is being collected, but that we are at least 6,000,000 tons short of the necessary amount.

Mr. MARTIN of Massachusetts. I understand that we have to get all of the scrap and may have to get it from all over the world, to win the war. Does this legislation take in the output of all copper materials, raw materials at least, or just scrap?

Mr. DOUGHTON. Just the scrap, that is all, and I think if the gentleman will



look into it he will be satisfied that it is absolutely necessary legislation.

I yield now to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Speaker, this bill was introduced by the gentleman from Massachusetts [Mr. CASEY]. It was unanimously reported by the Committee on Ways and Means after hearing all the evidence that was given us by those officials in the war production department and others who were qualified to give us the necessary information.

It modifies or amends section 301 of the Tariff Act, which provides for a duty of 75 cents per ton on scrap. As has been said so well by the chairman, we need all the scrap steel we can get. Unfortunately we delivered 7,000,000 tons to Japan, which we are getting back in a little different form and with tragic results. We now find there is available in Caribbean territory something like a million and a half tons of scrap that may be acquired for the purpose of making steel.

There has been one amendment added in order that old and used rails, which are not included in the tariff bill in the description of scrap steel, may be made available. There are a great many tons of used and old rails on many of the sugar plantations in this Caribbean territory. I think there is immediately available from Cuba alone close to 12,000 tons.

Of course, it was a little hard for the Republican members of the committee, and it is constantly becoming more difficult month after month, for us to yield on the policy of protective tariff that has been a fundamental of Republican faith for a great many years. I said to the committee the other day that as a result of the trade treaties and the constant processes of attrition on tariff rates that are going on under provisions of the trade-agreement policy, there may come a time when I shall feel compelled to introduce a resolution in the House asking that a day be set aside for a memorial service for the protective tariff.

However, under the conditions developed by the war emergency, we yield and bow as gracefully as is possible under the circumstances.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Is this legislation permanent, or just for the emergency? Mr. DOUGHTON. Oh, no; it is only for the duration of the emergency.

I would like to say further that in our committee during this emergency politics is absolutely adjourned.

Mr. MARTIN of Massachusetts. I appreciate this legislation is very essential for the conduct of the war. I therefore withdraw my reservation of objection.

Mr. REED of New York. Mr. Speaker, earlier today a bill was taken up by unanimous consent which came from the Ways and Means Committee. The purpose of H. R. 6531 is to suspend the tariff duties on scrap iron as laid down in the Tariff Act of 1930. I just want to say that I am in hearty accord with the action taken, but I do feel that

the reason these tariff duties are removed on scrap iron and on rails at this time should be made clear to the Members of the House and to the country. Some time ago, in speaking in the House on this subject, I told the story of the American eagle which turned its head and saw that the arrow piercing its heart was feathered from its own wing. Now the reason we are removing the duties at this time is because this country is stripped of scrap iron and steel which we now need for our own national defense. These millions of tons of iron and steel are now being hurled at our armed forces.

The tragedy of it is that for several years, while the sparks of war were falling everywhere in the world, we were arming our potential enemies. If you do not care to call them potential enemies, we were arming nations with scrap iron to destroy nations with which we were then and now are on friendly terms, costing the lives of millions of people.

You might be interested to know the extent to which we sent the scrap iron away. According to the committee report on the bill we are short 6,000,000 tons of scrap iron and steel. Well, from 1939 to 1940, inclusive, we shipped to Japan alone 8,311,000 tons, but our total exports, including some of our other potential enemies, now actual enemies, were 18,113,000 tons. So, we were arming our enemies and stripping our country of essential war materials. Now we have to bring out this bill and make Uncle Sam a junk peddler and send his agents through the countries of Central America, South America, and the islands of the Caribbean Sea to gather scrap iron. The bottoms sorely needed for the transportation of other things for this war, possibly to carry needed men and supplies to General MacArthur must be used to transport scrap iron.

We must comb the highways and byways of nonbelligerent countries for scrap iron to make it possible for us to produce the steel to carry on this war.

As I said at the start, I am heart and soul with this bill and it is quite proper. Furthermore, the tariff should be removed on other minerals and other materials necessary for the war at this time, but it is deplorable that those in power were so short-sighted as to make all of these shipments to foreign countries with which we are now at war.

Here is some further interesting information. During the year 1941 the total consumption of scrap iron and steel in this country exceeded 40,000,000 tons, with steel mills using about 45 percent scrap to 55 percent pig iron in this open-hearth furnaces. In producing castings foundries consumed about 70 percent scrap and 30 percent pig iron, which gives you some idea of how vital these things are to our national defense.

This very situation in which we now find ourselves ought to cause this Congress, at this time of national peril, to scrutinize every piece of legislation and to feel free, regardless of what anybody may say, and no matter how high their position in the Government, to criticize those things that may prove inimical or

vitaly dangerous to our country in the months and possibly the years to come. Let not those in high positions imitate Dr. Goebbels by asserting that only the party in power shall have the right to criticize.

#### Exports of iron and steel scrap

Thousands of tons and thousands of dollars<sup>1</sup>

Year	Total exports	United Kingdom	Germany	Italy	Japan
1935.....	2,045 \$20,750	277 \$2,360	4 \$69	383 \$4,165	1,065 \$10,844
1936.....	1,877 \$21,766	365 \$3,791	7 \$122	285 \$3,564	1,010 \$11,897
1937.....	4,048 \$76,563	846 \$15,808	88 \$1,610	381 \$6,040	1,873 \$37,418
1938.....	3,151 \$44,932	387 \$6,112	231 \$3,046	436 \$6,061	1,365 \$21,685
1939.....	3,559 \$54,790	508 \$7,245	17 \$238	None	2,035 \$32,732
1940.....	2,792 \$47,007	969 \$16,242	319 None	319 \$5,243	963 \$17,082
1941 <sup>1</sup> .....	611 \$11,355	(?)	(?)	(?)	(?)

<sup>1</sup> First 9 months.

<sup>2</sup> The Bureau of Foreign and Domestic Commerce has not published or given out figures covering exports to individual countries since March 1941. It may be noted that total exports of iron and steel scrap for the first 9 months of 1941 are far below the level of previous years.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That no duties or import taxes shall be levied, collected, or payable under the Tariff Act of 1930, as amended, or under section 3425 of the Internal Revenue Code, with respect to scrap iron, scrap steel, as defined in paragraph 301 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1001, par. 301), or non-ferrous-metal scrap entered for consumption or withdrawn from warehouse for consumption during the period beginning with the day following the date of enactment of this act and ending with the termination of the unlimited national emergency proclaimed by the President on May 27, 1941.

With the following committee amendment:

Page 1, line 8, insert "relaying and re-rolling rails."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### CRUDE-OIL PIPE LINE FOR THE EAST COAST

Mr. RIVERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RIVERS. Mr. Speaker, we are witnessing today a sad spectacle on the east coast of the United States. Our tankers are being sunk very rapidly. Recently some 10 or 12 have gone to the bottom, and on occasions as many as 2 a day. If this appalling loss continues to mount, we will be unable to furnish the consumers of petroleum in this section of the United States with this necessity, so important to our economy.

Visioning the day when there will be a real shortage of petroleum in my section of the country, and hoping that we will be able to supply the great refineries in

this area with crude petroleum, we had a hearing the other day in the Interstate Commerce Building, at the direction of Mr. Joseph Eastman, to take testimony on the merits on a proposed crude pipe line. To my astonishment, I witnessed the appearance of a brigadier general of the United States under the guise of a representative of the War Department to oppose this project. That general, I am informed, is a vice president of one of the large oil companies. If this is true, Mr. Speaker, it is a sad commentary on the deceitful way certain interests are impeding our war effort. I am convinced the construction of this pipe line will advance the war effort, in spite of the fact that it may step on the toes of a few representatives of the vested interests who have wormed their ways into the inner circles of our war strategy.

My information on this matter comes, among other places, from this morning's release of the Washington Merry-Go-Round. I ask unanimous consent to extend my remarks and include therein a copy of the Washington Merry-Go-Round of the date herein above referred to.

The SPEAKER. Is there objection?  
There was no objection.

#### EXTENSION OF REMARKS

Mr. CAPOZZOLI. Mr. Speaker, I ask unanimous consent to extend my remarks and include a resolution adopted by the student body of the Townsend Harris High School in my city.

The SPEAKER. Is there objection?  
There was no objection.

#### COMMITTEE ON INDIAN AFFAIRS

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent that the Committee on Indian Affairs may be permitted to sit during the session of the House this afternoon.

The SPEAKER. Is there objection?  
There was no objection.

#### EXTENSION OF REMARKS

Mr. ROLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include an editorial from the San Francisco Call-Bulletin, entitled "The Truth About San Francisco."

The SPEAKER. Is there objection?  
There was no objection.

Mr. O'BRIEN of New York. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein an editorial by Hon. Frank Gannett, distinguished newspaper owner of the State of New York, the editorial entitled "We Must Have Air Power To Win the War."

The SPEAKER. Is there objection?  
There was no objection.

#### UNIDENTIFIED PLANES OVER WEST COAST

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, we have just heard from California by way of press reports that some Japanese

were picked up off the pier signaling. That is about a mile from my home. Antiaircraft batteries went into action last night over Manhattan, about 6 miles from my home, against enemy planes. Identically the same thing occurred over the Palos Verde hills on into Long Beach where they opened up on them simultaneously. They even opened up from inside Los Angeles. We have not been able to identify these planes and we have not been able to make sure whether the Japs are signaling. We are therefore going to reserve our opinion, but if we find that these Japanese are signaling and that these are enemy planes, we certainly are going to press for action out on that coast.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include several excerpts from reports by Governor Tugwell, of Puerto Rico.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. CRAWFORD addressed the House. His remarks appear in the Appendix.]

#### LONGEVITY PAY FOR POSTAL EMPLOYEES

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I am receiving numerous inquiries in regard to the longevity-pay-for-postal-employees' bill which we passed in the House July 23, 1941. It passed the Senate in amended form on December 9, 1941, and on December 10, 1941, the House asked for and the Senate agreed to a conference.

This meritorious legislation, providing modest salary increases to rural carriers and other postal employees, and amended to include third- and fourth-class postmasters, has been kept in cold storage since December 10, 1941, nearly 3 months. For some inexplicable and what appear to be inexcusable reasons, the conferees are simply marking time and failing to act on this important legislation. Such protracted delay cannot be justified; and, speaking for the postal employees of my district, I desire to join with my colleagues in protesting against such dilatory and quasi-filibustering tactics on the part of the distinguished gentlemen of both bodies who are holding up final action on the bill, H. R. 1057, which we passed in the House over 7 months ago, and which has been in conference for nearly 3 months.

[Here the gavel fell.]

#### EXTENSION OF REMARKS

Mr. DOWNS. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein a letter from the Bridgeport Chapter of the American Red Cross.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a short poem, entitled "Work or Fight," by a constituent, together with a newspaper reference to the poem.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### PROTECTION AGAINST SABOTAGE

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks; also to extend my remarks in the Appendix of the RECORD and include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Speaker, pending confirmation of the news from California, I want to discuss a little different subject, which probably is of importance to every Member of this House in his own district.

A newspaper reporter out in my district, under an assumed name of foreign sound, went into a hardware store and asked to purchase 50 pounds of dynamite. He was allowed to purchase that 50 pounds of dynamite, with caps and fuze, without any identification or proof of the purpose to which he intended to put this dynamite; and he walked out of the store with a box of dynamite and with a permit from the sheriff's office to carry that dynamite to his home.

Somebody in this Government ought to look after the sale of dynamite, because this man could have been a man with sabotage ideas, an enemy agent. Anyone else could walk off with the dynamite as easily as he did. Suppose he were an enemy alien and planted that dynamite under a power plant or water conduit to destroy the utilities of the neighborhood, what damage could be done! It would be terrific. I do not know what department of the Government has charge of or could have charge of the retail sale of dynamite, but I suggest that they get busy right now and close down on it.

[Here the gavel fell.]

#### EXTENSION OF REMARKS

(Mr. BLACKNEY asked and was given permission to extend his remarks.)

#### PAY BILL FOR POSTAL WORKERS

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BENDER. Mr. Speaker, I share the view expressed by the gentleman from Washington [Mr. SMITH] regarding the longevity pay bill for postal workers. A conference committee was appointed last December, but I understand no meetings have been held. The postal workers throughout the country are asking for action on this measure. The Congress should demand a report from its conferees. Who is responsible for this delay? I call upon the membership to insist upon immediate consideration.



**EXECUTIVE ORDERS 9001 AND 9023, DIVIDING POWERS OF GENERAL ACCOUNTING OFFICE**

Mr. JONES. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. JONES]?

There was no objection.

Mr. JONES. Mr. Speaker, I call the attention of the House to Executive Orders 9001 and 9023. These Executive orders attempt to dilute, if not emasculate, the powers of the General Accounting Office. In 1921 the Congress organized the General Accounting Office as the exclusive agency of Congress. These Executive orders would distribute the powers of the General Accounting Office to settle claims against the Government among several different agencies of the executive branch of the Government, under the domination, control, and will of the President.

I call attention to these orders and to a bill which I introduced yesterday to declare these Executive orders null and void. I hope that the Members will join in this effort to preserve the integrity of our own organization, responsible solely to Congress and established exclusively for Congress, the General Accounting Office.

**EXTENSION OF REMARKS**

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. JARMAN]?

There was no objection.

Mr. FLAHERTY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a letter from a constituent, and also to extend my own remarks in the Record and to include an editorial from the Springfield Republican.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. FLAHERTY]?

There was no objection.

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include the views of the Honorable Paul V. McNutt on the St. Lawrence waterway as a defense measure.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. RABAUT]?

There was no objection.

(Mr. YOUNG asked and was given permission to extend his own remarks in the Appendix of the Record.)

Mr. PAGÁN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include certain editorials.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

**PURCHASE OF DYNAMITE AND EXPLOSIVES BY UNAUTHORIZED INDIVIDUALS**

Mr. KEFFE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. KEEFE]?

There was no objection.

Mr. KEEFE. Mr. Speaker, I was interested in the comment of the gentleman from California [Mr. HINSHAW]. May I call to his attention, and to the attention of any others who may not be advised, that we have on the statute books of the Nation an Explosives Control Act, supervised and managed by the Explosives Control Division of the Department of the Interior? That Department has now issued regulations, which are available, requiring every handler, processor, or transporter of dynamite and explosive materials to secure licenses. These licenses will be issued beginning March 1, 1942, so I was advised yesterday by that Department.

It is to be hoped that these licensees will be very carefully checked so that the handling of dynamite by irresponsible persons may be forestalled.

**EXTENSION OF REMARKS**

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my own remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

[Mr. DICKSTEIN addressed the House. His remarks appear in the Appendix.]

**PERMISSION TO ADDRESS THE HOUSE**

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. COFFEE]?

There was no objection.

[Mr. COFFEE of Washington addressed the House. His remarks appear in the Appendix.]

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

**LABOR STRIFE AND WAR PRODUCTION**

Mr. BARDEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. Mr. Speaker, I ask for this time merely to read a few headlines in the Washington Post of February 25 and to comment briefly thereon. This is one headline:

Bataan troops want to buy their own bomber; in United States labor strife ties up war jobs.

The slogan these brave men have selected is "Better buy a bomber than be buried on Bataan."

A "bomber for Bataan" fund has been started among the American-Filipino troops fighting the Japanese on the Bataan Peninsula and from Corregidor and other fortified Manila Bay islands.

I see in other headlines that a submarine has shelled California and that Japanese planes are sweeping over that State. At the same time we read a dispatch from San Pedro, Calif., stating that 3,500 men have tied up ship construction and at other points airplane production is tied up. I wonder who in the name of God those strikers expect to protect them and their families? The American people are fed up on strikes in defense plants, especially when a great number of these strikes are being caused by a demand for closed-shop agreements, interunion quarrels, and longer-than-8-hour days. When the men in our Army, Navy, and Marine Corps are in many instances fighting 24 hours per day, with many losing their lives.

I was so much in hopes our President would deal more firmly with the situation Sunday night, but his remarks did not indicate either a remedy or challenge. This is the time for every able-bodied, good American to help America by either working or fighting, and our people have a right to expect this Congress and this administration to stop anyone who would hinder, slow up, or stop production. Let us give our men adequate and dependable weapons as quickly as possible and provide ways and means for handling anyone who would attempt to prevent this from being done.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Along the same line of thought as the gentleman from North Carolina has just been speaking, permit me to speak. Last week the majority leader made a very true statement. He said that this was not a Democratic war or a Republican war. Get this from a Detroit paper:

The executive board of the Michigan Congress of Industrial Organizations council has demanded that organized labor be represented fully in all civilian defense councils.

Just why should labor come into this? If Republicans and Democrats, and other organizations of all kinds are out, why should labor take part in this as an organization, why not as individuals, as all others of our 131,000,000 people are required and are willing to do?

Note this, too. At Flint on Sunday Walter Reuther, the same man who, when in Russia, wrote Fight for a Soviet America, demanded that the C. I. O. be given guns. In the sit-down strikes the C. I. O. had the help of the armed forces of the State. Why should they be given guns now? Are the Reds getting ready to take over when this war has ended?

**EXTENSION OF REMARKS**

(Mr. HARRIS of Virginia asked and was given permission to extend his own remarks in the Record.)

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record

and include therein a speech by the Governor of Kentucky.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### SECOND WAR POWERS BILL, 1942

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2208) to further expedite the prosecution of the war.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2208, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

Mr. GUYER. Mr. Chairman, I want to emphasize the suggestion already made that members of other committees, the Banking and Currency Committee and the Committee on Military Affairs, to which parts of this bill might correctly have been referred, engage in the debate and that, when the bill is read, they offer, if they deem it necessary, amendments for its improvement. As has been already declared, the Committee on the Judiciary had nothing to do with its reference. I am sure all members of our committee agree with our distinguished chairman and the able chairman of the subcommittee [Mr. McLAUGHLIN] who worked so devotedly on the hearings and on the preparation of this important bill.

At the time of the framing of the Constitution there were those who wanted a stronger, more energetic government than the one finally agreed upon. But it soon became evident that if a stronger government, a government granting greater power to the Executive, was submitted to the people for ratification it would surely be rejected. The people of the Colonies had just fought a long and gruelling war against a government whose king had grossly abused his power, and the people were intensely jealous of anything that seemed like arbitrary power in the Executive, so they were determined that their own government should not be tainted with anything that would or might produce an opportunity for some arbitrary master to impose upon them the wrongs from which they had just been liberated. So, our form of government is as it was written, with surprisingly few amendments. No government is any stronger than it is in a crisis. For that reason every time some seemingly supreme crisis catches up with us we find it necessary to give wide powers to the President in order to supply that power which was lacking in the letter of the Constitution.

So we are submitting this bill granting great and wide powers to the President in order that he may prosecute with utmost vigor the war in which we are now engaged. The people, through their Congress, have decreed this war and the time for argument concerning how we got into it is over—it is now history. Every patriotic man in this Congress and out of it must back up the President. I never voted for him, but when elected he is my

President and I am behind his every effort to victoriously terminate the war. When it is over we can resort to the good old game of American politics, but this is not the time for that.

I want to compliment the distinguished and patriotic gentleman from Massachusetts, Hon. JOSEPH W. MARTIN, Jr., our Republican leader, who at Kansas City last week, declared:

Let men and women of every party, of every section of the country, of every phase of our national life join in one great push for victory. With such an effort, we will not fail.

That I am sure is, and should be, the attitude of every Republican on this floor. As my distinguished colleague from Michigan [Mr. MICHENER] said yesterday:

But today we find ourselves in the war. It does not make any difference how we got in, it does not make any difference whose war it was or is, it is our war now. It is our fight. We must yield to the administration any power necessary to win.

I am certain, too, that the gentleman from Michigan [Mr. MICHENER] has voiced the sentiment of every Republican in the House.

In the past 9 years I have at times charged this House with abdicating its powers and delegating them to men and agencies who never received a vote from the people, powers that only the House was authorized to exercise in time of peace. But, as stated by our distinguished colleague from Michigan, this is war, our war, and we should confer upon our President all needed power to prosecute the war as Congress did in the case of President Lincoln and of President Woodrow Wilson. These great leaders never abused those powers and surrendered them with the termination of hostilities. This is no time to split hairs about technicalities and trifles.

Mr. Chairman, I yield myself I additional minute.

This is the position I think everybody who is patriotic in this country takes, to grant to the President such powers as are necessary to prosecute the war, and if we do this and get behind this, there is no question about eventual victory.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GUYER. Yes.

Mr. CRAWFORD. Mr. Chairman, I wish to ask the gentleman a question with reference to the language at the top of page 2 of the bill, lines 3 to 7, speaking of the Interstate Commerce Commission. As I understand that language, it does not give the Commission any authority to regulate the sizes or weights of motor vehicles contrary to State legislation. Is that correct?

Mr. GUYER. I think the gentleman is right. I did not pay a great deal of personal attention to that but I listened to the remarks of the gentleman from Nebraska [Mr. McLAUGHLIN] yesterday in regard to it.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, I expect to confine what few remarks I make on this bill to title IV. Title IV, you will notice, seeks to give to the Federal Reserve the power and authority to buy

Government bonds directly from the Treasury. This might appear to the casual reader to be quite innocuous, but I wish that we would give very close attention to the remarks which will be made on this title, because it seems to me to be fully as important as anything in the bill.

I grant you that we must give to the Chief Executive new and, perhaps, unusual powers to prosecute the war, but it is as essential that we maintain a stable currency and a stable credit during the war as it is that we be victorious in the field. It would not profit us very much to bring this war to a victorious conclusion only to have to go through the experiences which Germany and France went through in respect of their currencies.

It is highly desirable to keep the Federal debt and the currency as far apart as possible if we are going to have a stable currency. There have been tendencies throughout the past few years to bring the debt and our currency into close affiliation. This title IV weds the debt to our currency. It weds our currency to the debt. So as the debt increases, as it is bound to increase, in proportion we depreciate the value of our currency.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. VOORHIS of California. Would not the gentleman agree that the sale of bonds to any bank which makes the purchases on book credits is wedding the currency to the public debt, whether it be the Federal Reserve banks or any other banks?

Mr. WOLCOTT. No; I am sorry I cannot agree with the gentleman in that respect.

Mr. VOORHIS of California. I wish the gentleman would speak on that.

Mr. WOLCOTT. I believe I will later on.

You will remember that the Federal Reserve is a bank of issue and that the law now is that direct obligations of the Federal Government may be used as collateral or as security for the issuance of Federal Reserve notes. That is why I say that if we grant this authority to the Federal Reserve to buy obligations direct from the Treasury that we wed our currency to our debt, and that our currency depreciates in value as our debt increases.

Mr. CELLER. Mr. Chairman, will the gentleman yield at that point?

Mr. WOLCOTT. I prefer to go ahead. It has been suggested, and I think there is much truth to the statement, that at the end of the fiscal year 1943, which will be July 1, 1943, the national debt will approximate \$150,000,000,000. I know that in high places there is too little concern for the fact that the national debt might perhaps go to \$200,000,000,000. I believe that the Federal Reserve and the Treasury are looking much further into the future than perhaps they want us to look. I believe that they look forward to the time when because of high taxes, when because of an intense war effort, the people will be no longer in a position to buy Government obligations, and they seek to stabilize the currency by issuing paper with which to buy these bonds, and make it appear that the Federal credit is



all right. Mr. Chairman, we can meet that issue when we come to it. We do not need to throw the banks and industry and agriculture into chaos at a time when there should be stability.

Inflation is about 80 percent psychological. Whether we have inflation or not as a result of currency expansion depends largely on the attitude of the people, how closely they affiliate the volume of currency with prices. It has been said that nobody understands money, which is a falsity. The careful student understands money. Money is a simple thing, but what the economists mean and what the bankers mean and what everybody else means when they say that nobody understands money is that very few people understand the relationship between money and prices. There is no formula that you can lay down; you cannot say that a volume of currency, we will say, of \$10,000,000,000 will make the price of beans or oats a certain amount. There is no definite, well-established formula that we can use. About 80 percent of it, I say, is psychological, the fear which the people have of a cheapened currency, due to an expansion of the currency, and that is what we must guard against at this particular time more than at any other time.

As far as I am able to determine, there is not a sound economist in the United States who favors title IV of this bill. Most of them have denounced it as inflationary, and I have a sheaf of telegrams from men whom I consider the outstanding economists, the sound economists in the United States.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. GUYER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. If the gentleman will permit me to go on for just a moment, I shall be glad to yield.

Mr. SUMNERS of Texas. My question will not interrupt the gentleman's argument. It is only to determine when the gentleman will yield.

Mr. WOLCOTT. I intended to make a general statement, and then I will yield. There is an organization called the Economist National Committee. It is made up of the professors of economics of outstanding universities, men like Oliver M. W. Sprague, of Harvard University; like Edward W. Kemmerer, of Princeton University; Walter E. Spahr, of New York University; and many others of prominent standing. The purpose of this committee is to pass on to Congress and the people the benefit of their research work in respect to our economic conditions, and they denounced title IV vehemently as an inflationary movement. I shall read you now a telegram from Professor Kemmerer, of Princeton University, addressed to me:

I strongly oppose authorizing Federal Reserve bank to purchase Government securities directly from the Treasury, as provided in title IV of the war powers bill of 1942. This bill, if enacted, is almost certain to prove highly inflationary in its results. Our paper

currency is no longer convertible into gold on demand. Federal Reserve notes will be secured increasingly by Government bonds and Government bonds are payable principal and interest in Federal Reserve notes. This is essentially the character of German inflation of World War No. 1 period. Treasury will dominate Federal Reserve Board, and proposed amendment would make much easier dangerous inflationary exploitation of the Nation's currency for fiscal purposes and would increase likelihood of there being saddled on Federal Reserve banks permanently enormous holdings of Government securities, which would greatly impair the banks' usefulness.

E. W. KEMMERER.

All of these telegrams say about the same thing.

An outstanding former president of the American Bankers Association, Mr. Orval Adams, speaking in Oakland, Calif., on February 16, says:

In my opinion, no more dangerously inflationary proposal could have been made, no greater threat to the savings and earning power of the people have been offered.

I will say parenthetically he is referring to title IV.

The proposal—

He continued—

should have been labeled "An act to set up a printing press in the Treasury."

Remember—

Mr. Adams pointed out—

during and after the last war the Governments of Germany and France borrowed directly from central banks; checks and balances were disregarded. This direct operation made possible and was the culminating act in the deficit economy which resulted in the complete destruction of the German mark and a 90-percent depreciation of the French franc.

The French franc, if you will recall, depreciated in value in relation to the dollar from about 24 cents to about 4 cents.

Mr. EATON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. EATON. Will the gentleman state who it was who made that statement?

Mr. WOLCOTT. This is an excerpt from a speech by Orval Adams, former president of the American Bankers Association. His speech is filled with denunciations of this proposal as inflationary, one of the most dangerous that can be had at this particular time if we are going to maintain a stable currency.

Mr. EATON. Is not the present president of the American Bankers Association in favor of this?

Mr. WOLCOTT. From the colloquy on the floor yesterday, I understand that he is, with reservations.

Mr. EATON. Which are you for, Philip drunk or Philip sober?

Mr. WOLCOTT. Well, I do not rely solely upon Philip when he is drunk or Philip when he is sober. I rely upon what I consider the common sense of very sober-minded people who see a grave danger to our entire economy in this measure.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. If I may go on for just a moment, I will yield later.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SUMNERS of Texas. Mr. Chairman, I will yield the gentleman a couple of minutes if he will answer questions.

Mr. WOLCOTT. I will if the gentleman will allow me to comment for about half a minute.

Mr. SUMNERS of Texas. No; not out of my time.

Mr. WOLCOTT. I think if the gentleman yields me time it is my time, and I do not want to be restricted in the use of it. I do not want the gentleman's time with restrictions.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DEWEY].

Mr. DEWEY. Mr. Chairman, the distinguished minority leader of the Committee on the Judiciary in his opening remarks expressed my ideas exactly in regard to this piece of legislation. I do not like it in peacetime. I shall vote for it in wartime, when it comes up, no matter whether it be amended or not. We are at war and we must carry on the war the way that the executive departments, who are, after all, responsible for the conduct of the war, deem necessary.

However, I rise in opposition to the broad manner in which the Federal Reserve Act is proposed to be amended by title IV. I am in sympathy with the purposes but not the method.

National credit, like the good name of a woman, is ever a target for gossip. The best defense from such malicious rumors is propriety of action. The action permitted by the proposed amendment is improper in the eyes of experienced bankers, and may cause unfavorable public comment. Hence, I am generally opposed to the title IV amendment.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield briefly.

Mr. O'CONNOR. Is there any restriction removed from the banks in the purchase of bonds that we are now purchasing, known as Defense bonds?

Mr. DEWEY. I will cover that in my statement. I expect to make a comprehensive statement and I will take that up later, as it interrupts my chain of thought to inject it here.

The proponents of this amendment were not entirely candid, in their desire to obtain the broad powers that are contained therein. They mentioned that those powers are given to the Bank of England. However, they do not mention that that section of the Bank of England, the issue department, is controlled by parliamentary action. The amount of currency that can be issued, the amount of British bank notes that can be issued, is controlled by act of Parliament. There is no such limitation in this amendment. Mr. Eccles in his testimony stated that he felt that his right of issue was practically unlimited; and I think it is. Certainly by paying interest and taking advantage of the full powers in the act, he could go up to probably \$200,000,000,000 of currency issue.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I would like to continue, if you please.

The claims that the amendment would permit the Federal Reserve Board to assist the Treasury Department in periods of emergency, such as existed at the time of the attack on Pearl Harbor, are true, but the Federal Reserve Board has those powers now. There was outstanding an issue of about \$150,000,000 of bills for distribution on Monday following the Pearl Harbor attack. They were taken care of the way they have been taken care of ever since there has been a Federal Reserve Board and Open Market Committee.

Mr. CELLER. Will the gentleman yield?

Mr. DEWEY. Not now. To stabilize the market the Federal Reserve Board may take undistributed securities off the hands of the bond dealers. The commission to the bond dealers is one-thirty-second of 1 percent, or about 3 1/4 cents per \$1,000 bond. Ever since the passage of the first Federal Reserve Act way back in 1917 this has been the customary and traditional way of stabilizing the Federal bond market. It is well known and has worked out well. Goodness knows, it must have, for the simple reason that our public debt is advancing toward \$60,000,000,000, and that needs some stabilizing. I, however, think that even if the Federal Reserve Board has to pay 3 1/4 cents commission on a thousand-dollar bond, it is not an exorbitant price to pay for the service.

At this time we should keep active all agencies to distribute our securities. The Governors of the Federal Reserve Board and the Secretary of the Treasury have said time after time that it is the policy of the financial departments of the Government to distribute the Defense bonds and the other securities to the people and not to the banks. Why break down agencies when we need them most? True, they still demand the average one-thirty-second of 1 percent commission, but, after all, the agencies have to pay rent and pay for their services in carrying out the work. I do not think it is an exorbitant charge.

Mr. Eccles, in his testimony, stated that the competition given by purchases direct from the Treasury instead of through the open market would cause Federal interest rates to be stable and lower. I cannot concur in the statement of Mr. Eccles. Interest rates have always been set, first, by confidence in the obligation; second, by the amount of money there is free for the investment; and, third, by the length of the maturity.

I believe there will be greatest confidence, greatest stability if it is known that the Federal Reserve bank will be always ready to get behind the market when there is an emergency and stabilize it. In case of an emergency, I believe that at a word from the Secretary of the Treasury every bank, every trust company, every insurance company would come to the aid of the Treasury and take up any pending issue of securities; and then the Federal Reserve bank would be there to perform the duties which a reserve bank is set up to perform, to stabilize the market; by taking off the hands

of the subscribers those securities that cannot be distributed in the ordinary way to the public. No; I think that stability and confidence is the best way to keep interest rates low. May I say in passing that the people of this country are justified in having confidence in their currency and in the security of their Government obligations; and it is our duty to see that that confidence is always justified.

Mr. WHITE. I wonder if the gentleman would yield at that point.

Mr. DEWEY. No; I do not yield.

In the discussion in the other House it was brought out that this authority given to the Federal Reserve Board was permissive, not mandatory. I can only say that the high authorities which made that statement must have been a little forgetful of the act, for the reason that the powers to buy these securities rest in the open-market committee, and the open-market committee consists of the seven members of the Federal Reserve Board and five presidents of Federal Reserve banks.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Illinois.

Mr. DEWEY. Section 10, paragraph 6, of the Federal Reserve Act, reads as follows:

Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department; and whenever and wherever any powers vested by this act in the Board of Governors of the Federal Reserve System or the Federal Reserve agent appear to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

This power therefore as given is mandatory upon the Federal Reserve Board, the majority of the Open Market Committee, should the Secretary of the Treasury demand it.

In closing I would like to mention one thing that has been traditional in the Treasury Department and customary with almost all central banks of issue: The Treasury Department should again have the right to finance itself around tax-payment dates. As I said in my opening statement I am in sympathy with the purpose of this amendment, but not the method proposed. Prior to 1935 it had been the custom of the Treasury Department to sell to the Federal Reserve banks certificates of indebtedness with a maturity of a week, 2 weeks, 3 weeks, and sometimes but 1 or 2 days, to finance itself around tax-payment dates when there was a lag between payments by the taxpayers to the collectors and the deposit of the money to the Treasury's account in the Federal Reserve banks. It is right and proper that the Treasury should have an opportunity to finance itself around tax-payment dates and it is also right and proper that the Treasury Department should have the right to finance itself during the period of an emergency. I am in favor of that, but I believe this amendment as

written goes too far and at the proper time I shall offer a substitute amendment which will take care of the Treasury requirements at the time of an emergency; it will also take care of the Treasury requirements at the time of tax-payment dates and at the same time will not raise suspicion in the minds of our fellow citizens whom we wish to buy Government securities that there are loose banking methods being employed by our high financial leaders.

Mr. MICHENER. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Michigan.

Mr. MICHENER. When the gentleman speaks on matters of finance, possibly his remarks carry a little more weight with some of us than many other Members. His background as a banker, as Assistant Secretary of the Treasury, and as financial adviser to Poland, makes his opinion most valuable. The gentleman has had a vast experience. Can he tell us what the position of the American Bankers Association is in reference to this amendment?

Mr. DEWEY. I read the statement of the president of the American Bankers Association yesterday and I will put the statement in the RECORD. This is from a letter addressed to the Honorable HATTON W. SUMNERS, and is signed by H. W. Koenke, president, American Bankers Association. I read only one paragraph, but it is the principal paragraph of the letter:

The American Bankers Association does not oppose this extension of authority to the Federal Reserve System as a war measure.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McLAUGHLIN. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Nebraska.

Mr. McLAUGHLIN. I know the gentleman is eminently fair. I suggest that the entire letter of the American Bankers Association be inserted in the RECORD at this point.

Mr. DEWEY. I will be very glad to accede to the gentleman's request and put the whole letter in.

Mr. McLAUGHLIN. It appears on pages 45 and 46 of the hearings.

Mr. DEWEY. The letter referred to is as follows:

THE AMERICAN BANKERS ASSOCIATION,  
OFFICE OF THE PRESIDENT,  
Ponca City, Okla., January 29, 1942.  
The Honorable HATTON W. SUMNERS,  
Chairman, Judiciary Committee,  
House of Representatives,  
Washington, D. C.

DEAR MR. SUMNERS: The second war powers bill, which we understand is embodied in H. R. No. 6403 (S. 2208), would permit the Federal Reserve banks to purchase securities which are primary obligations of the United States or fully guaranteed by the United States directly from the Treasury instead of through the open market only, as provided in existing legislation. The bill in its present form provides that this authority will expire automatically 6 months after the termination of the war emergency, or at such earlier time as the Congress by concurrent resolution, or the President may designate.

The American Bankers Association does not oppose this extension of authority to



the Federal Reserve System as a war measure. It recognizes that certain restrictions which normally safeguard the fiscal, monetary, and banking systems are often inoperative in time of war. It is of the utmost importance, however, that there be a definite termination of the authority with the resumption of peace, as has been provided for in this bill.

The present provision of law was adopted in the Banking Act of 1935 after careful deliberation and extended hearings. The law should not be changed permanently without equally careful consideration.

These are considerations which you probably have in mind, but the matter is of such great importance that we wanted to be sure you knew the views of the American Bankers Association.

Cordially yours,

H. W. KOENEKE, President.

Mr. MICHENER. Now, will the gentleman answer my question?

Mr. DEWEY. Would the gentleman like to have me read the letter?

Mr. MICHENER. Just briefly, what is the answer?

Mr. DEWEY. The answer is that the bankers will go along with the Treasury Department and the Federal Reserve Board in any manner in order that this war may be financed and brought to a successful conclusion, but this does not mean that morality in banking, as morality in everything else, must not be safeguarded. Why not ask for those things which they really want rather than ask for powers which time after time the Governor of the Federal Reserve Board said he did not expect to use? He wants to cover the emergency, as I mentioned. The amendment I will propose at the proper time, permitting him to purchase, and the Treasury to sell, Government obligations having a maturity of 6 months or less will do exactly that without undermining the confidence of the people in our long-term securities.

Mr. EATON. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from New Jersey.

Mr. EATON. I would like to know whether this letter is the expression of the president of the bankers' association himself or of the organization as a whole, because one of the leading bankers, a member of that organization, in my district, is violently opposed to title IV.

Mr. DEWEY. It is signed by the president of the American Bankers Association.

Mr. CELLER. The first paragraph on page 46 states that the American Bankers Association does not oppose this extension of authority to the Federal Reserve System as a war measure.

Mr. DEWEY. That is the paragraph I first intended to read.

Mr. CELLER. And the letter is on the stationery of the American Bankers' Association. The letter is official?

Mr. DEWEY. That is true. It is official.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. If the provision as written in the bill is adopted,

what is there to prevent the Treasury from issuing bonds and selling them to the Reserve banks, thus forcing them on the market at no interest at all?

Mr. DEWEY. Nothing.

Miss SUMNER of Illinois. It will be virtually printing-press money.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. As a layman, a lot of this is difficult for me to understand; but, as I get it, the need for any such emergency power would be to take care of a situation when the public would be so shaken, perhaps by some crisis in our war effort, that the public market would not be available for our Government obligations; is that correct?

Mr. DEWEY. That is the purported reason.

Mr. VORYS of Ohio. Would not the passage of such an authorization which envisages such crises as coming help to shake public confidence and tend to break the market?

Mr. DEWEY. I think that psychological point of view should be considered with this amendment. The claimed purposes will be covered by an amendment which I expect to offer which gives the Treasury permission to sell securities with a 3 months' maturity or less direct to the Federal Reserve banks. Certainly that should be long enough for the Treasury and the investing public to reorganize themselves.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Montana.

Mr. O'CONNOR. Suppose the Congress passes title IV of this bill. Does that take off the restrictions that are now placed upon the banks—and I refer to the Federal Reserve banks—from purchasing defense bonds sold to individuals? Suppose I have some defense bonds and I need the money. If we pass this law, can I take those bonds to the bank and sell them to the bank?

Mr. DEWEY. No; I do not think so. I do not believe this amendment restricts the action of the Federal Reserve Board in any way whatever. It broadens it to a great extent. They can either go into the open market or go directly to the Treasury, or the Secretary of the Treasury can tell them what to do.

Mr. O'CONNOR. Yes; but the banks cannot now buy these bonds from individuals.

Mr. DEWEY. This amendment has nothing to do with private banks; it only concerns the Federal Reserve System and the Treasury.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I have read this bill rather carefully and have marked up much that might lead to discussion. The powers granted to bureau-

crats are enormous and rather frightening. I predict that we, as Congressmen, will be asked to relieve many a citizen from the rules and regulations promulgated under authority granted in this act. However, some such legislation is undoubtedly necessary, and I shall vote for the bill.

I hope to make one or two constructive criticisms. The English have made some constructive criticisms to Churchill which were to the end that he get rid of some of those persons who have not proven that they were able to carry on successfully. This is not harsh criticism of the President, but lately so many men have been brought to the top whose virtues were not weighty enough to keep them to the bottom. Think that over. Their very virtues were not weighty enough to keep them at the bottom. It seems the fashion nowadays for men without merit to become famous. Thus, my criticism would be that, as in the case of Churchill of England, certain persons high in authority should be relieved and the confidence of the people renewed.

I wish to talk about title IV in particular. I desire to vote for the amendment that will be offered by the gentleman who preceded me, because he knows a good deal about this subject. He will probably present some limitation of this authority. Some of you say you do not quite understand this title. It is very clear.

Did you not hear that in connection with the last issue of Government bonds that the Federal Reserve assured certain banks that they might subscribe for more than they desired, and under the open-market operation the Federal Reserve would take them over? If they can whip the devil around the stump like that, they do not need this highly dangerous authority. That is not difficult to understand. It is, of course, the desire on the part of the Treasury to be assured in advance that every issue of bonds be assured of success, as they would have the Federal Reserve to guarantee it.

"We have taken vast powers back to Washington which in other hands would be highly dangerous." Who said that?

Mr. DONDERO. The President.

Mr. GIFFORD. Yes. We must watch very carefully lest these vast powers fall into dangerous hands, hence the warning now reiterated and suggested to its originator.

What will be the next move? It will probably be that all bonds should be guaranteed by the Government not to go below par value. A bond might then be used even as currency. Some \$4,000,000,000 is now being hoarded, largely in \$1,000 bills. These people now think those bills afford more safety than the bonds. But when we guarantee bonds at par, then the hoarder will see no advantage. He might then as well use his money and get his interest. He can get his cash at any time for full value. The next step we can easily foretell, the need of a full-fledged managed currency. This is on the way. With managed currency, heaven help us if the men at the helm are not men of wisdom.

Managed currency is what Hitler has in his own and conquered countries today. There is a 300,000,000-franc occupation

fee to be paid daily by France. How shrewdly he has solved the matter of reparations. They collect reparations "on the barrel." With special marks, they are buying up everything of value in those countries. When the conquered peoples take these German marks they take them to their government authorities and receive more inflated national currency. A diabolical method of robbery by managed currency.

In the Philippines today the Japs are saying at the point of a gun, "Don't you dare complain about Japanese money." They are copying the German plan with their usual remarkable ability as imitators.

Well, let us grant this particular power today, if you insist it is necessary. As was suggested, the bonds may not bear any or little interest if the Federal Reserve saw fit not to require it, and certainly the people will not know when the flotation was really successful or not. They will not be informed as to the portion guaranteed or taken by the Federal Reserve without careful inquiry.

This may be reassuring to the public and it may be needed. I fear the administration of the act, and while I do not like to compare the present administration with the administration during the last war, I feel that we have too many ready to experiment in making America over now holding high positions. "What of our national debt? Do not we owe it to ourselves?" Such expressions lead us to dread granting these powers to those who so lightly view the seriousness of the situation.

Vast powers have been granted in the last 8 years and none of them have been able to take away. They are not willing to give them up. I dread to put these powers into the hands of such authorities. I hesitate to criticize the President, but he only has the power to appoint these men "whose virtues are not weighty enough to keep them at the bottom."

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Miss SUMNER of Illinois. Does not the gentleman think this will interfere with the sale of bonds by frightening people who would ordinarily buy bonds?

Mr. GIFFORD. I do not know. People are frightened enough when they will hoard \$4,000,000,000.

You say the bankers favor this. The gentleman from Michigan quoted a former president of the association. The committee produced evidence that the present head of the association favors the measure. "Yes, as a war measure," and I would think they would favor it. What would happen to those bankers, loaded with such securities, unless these flotations succeed and par guaranteed? Do not be surprised if they now say, "Yes, the American Bankers Association are in favor of this." For their own safety they must be in favor of this. Their own real opinion as to its moral side may be quite different. They surely desire to play safe as long as possible.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman.

Mr. BROWN of Ohio. Is it not a matter of fact that as a result of present conditions the banking association, as a matter of policy, was practically forced to write such a letter?

Mr. GIFFORD. For their own safety, of course, they must be for it.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. CELLER. Is it not a matter of trust and confidence only? In this sense it is well to recall that in 1933 we passed the so-called Thomas greenback inflation amendment, which provided that the Secretary of the Treasury could—

Mr. GIFFORD. I know about that and the \$3,000,000,000 was never printed.

Mr. CELLER. Could we induce the Federal Reserve System to go into the market and buy \$3,000,000,000 worth of bonds, which would form the basis of the issuance of \$3,000,000,000 of greenbacks.

Mr. GIFFORD. I do not know how to answer that.

Mr. CELLER. But the Treasury did not invoke that power.

Mr. GIFFORD. No; the administration dare not do it because it would destroy confidence.

Mr. CELLER. Does not that show we should have confidence in them?

Mr. GIFFORD. But they would not let us repeal that act. They also demand that we keep up the silver fiasco.

Now, before I answer further questions, I want again to say that I do not wish to embarrass my President. I want to make the constructive criticism that he remove these people who have dangerous notions and who have been bringing us toward financial ruin the last several years. The confidence of the people will be destroyed. I greatly fear that our financial doctors at the helm have lost the confidence of the people. Change them even though they may not be guilty. The people must be reassured and that is the gist of my appeal at the moment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman.

Mr. AUGUST H. ANDRESEN. Does not the gentleman feel that title IV is a forerunner for the request that the President be given unlimited power to fix the value of gold at any figure?

Mr. GIFFORD. I have told you plainly that it is the forerunner of managed currency in all its damnable forms, as illustrated by its effect on other nations. I have tried to give you a warning of what is coming. This is only one step. Let us take it very regretfully, very carefully, and if it can be amended to limit it to safer bounds, let us do it. I plead that these doctrines we have been hearing, such as "What about our national debt?" "Don't we owe it to ourselves?" be a warning to us and guide our actions. I plead that the President reassure the people, else there may, indeed, be trouble in the flotation of good securities.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman.

Mr. DONDERO. Was there any power granted during World War No. 1 that is parallel to the power contained in title IV?

Mr. GIFFORD. I think not; but even if so granted, there were different people at the helm of the ship of state. That is not politics; but in the light of recent happenings, I have to say that that is true. Our President needs prudent and safe advisers at this critical moment, and it is no time to trust financial policies to ardent, even though patriotic, experimenters with our currency.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself 5 minutes. There is just one proposition involved and that is whether or not the Federal Reserve banks shall be permitted to buy directly from the Treasury exactly what they can buy in the open market. I had hoped that the gentlemen who discussed this question would devote themselves to the question in issue which is all there is to it. Let me see if I can make a statement, and if I am incorrect in this statement I would like to be corrected. Bonds secured by purchases in the open market are just the same basis for the issuance of additional currency as though they were bought directly from the Treasury. Is that correct?

Mr. DIRKSEN. I do not think it is.

Mr. SUMNERS of Texas. Then the gentleman will speak on that later, I assume?

Mr. DIRKSEN. Yes.

Mr. SUMNERS of Texas. We have testimony here of Mr. Goldenweiser, replying to a query made by the distinguished gentleman from Michigan [Mr. MICHENER]. Mr. Goldenweiser is the expert for the Federal Reserve bank. Mr. MICHENER, before the Rules Committee, asked him a question concerning the matter of inflation, and he said this proposed amendment would not bring that about.

He was referring to inflation. He said that it is a situation that is exactly as has existed ever since the Federal Reserve System. It is the statement that I have made. I have been advised by gentlemen who have been connected with the Banking and Currency Committee that during the last war, and until 1935, the law was exactly as proposed in this bill.

Mr. STEAGALL. Yes.

Mr. SUMNERS of Texas. Let us see about this. The Committee on the Judiciary wants to do what you all say you want to do, so let us not confuse the situation but determine what ought to be done. We have been told—and it appears to be a reasonable thing—that in this war emergency it is a valuable thing for the Federal Reserve banks to be able to buy directly from the Treasury in some situations, something that is not now permitted. They did do something directly after the Pearl Harbor matter, which, while not exactly regular, they



thought they had to do to save that situation. There was an issue of \$150,000,000, I believe, coming on the market at that time. The market was shaken by the Pearl Harbor incident. There was one of two things that could be done in that situation. One was to let this issue come on the market, strike a weak market, and imperil the whole market, or have the thing done that was done rather circuitously, and that, in effect, is buy directly from the Treasury. That seemed to be the sensible arrangement. This amendment would restore the law to what it was when we fought the World War and as it was until 1935.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I again say that I am sympathetic to the Federal Reserve banks being permitted to buy issues directly from the Treasury under certain conditions, on certain occasions. I do not believe that under present conditions it is necessary to go as far as we are going in this bill, and I shall give a few reasons for that. The background of title IV is to stabilize the bond market and protect outstanding issues held by the people and to encourage prospective buyers to take on additional purchases. I think the gentleman from Texas [Mr. SUMNERS], who has just spoken, emphasized that. He has indicated there might be psychological market reactions where the people would become fearful for a moment or two, a day or so, and thus precipitate a break in the bond market. Let us look at the necessity for this title as it is written just for a moment. In 1941 the interest-bearing debt of the Government increased approximately \$13,000,000,000. The Federal agencies in connection with their trust accounts purchased two billions of that issue and the banks about four and one-half billions.

The life insurance companies, approximately one and one-tenth billion; and investors who purchase nonnegotiable, nonmarketable Defense bonds, five and four-tenths billion; or, in round figures, \$13,000,000,000.

We find that private holders increased their open-market Federal bond holdings about \$300,000,000, or less than 3 percent of the increase in the debt of last year. I am now referring to the group which is likely to precipitate a break in the market, thereby making this type of legislation necessary. This method of financing places little strain upon the Government's bond market. With about 33 percent of the issues of last year going to the commercial banks in the form of open-market securities, all sane bankers know that they will not dare throw their portfolio holdings back on the market and thus add to or accelerate a break in the market when an important issue is coming out, and when the situation is a little bit crucial. Sane bankers simply do not dump their holdings or offer their holdings under conditions which now exist and will exist for some time to come. That would invite trouble. They know better than to try it.

We also find that the Treasury will undoubtedly proceed with little change in its approach to placing long-term open-market issues in the hands of the public. Those issues will be placed in the hands of the commercial banks, of the insurance companies, and in the hands of the Federal Reserve banks. But this is not in line with the policy followed in World War No. 1, where private citizens were loaded with long-term open-market issues, as against the absence of such today, but with the public holding nonnegotiable issues in the form of Defense bonds which cannot be sold to any institution, but which may be cashed by making demand call on the Treasury after they have been held for 60 days, without interest at that time, but if held longer a little interest is paid on them. So it seems to me that we are about to go entirely too far in passing this legislation as here presented.

While I have not discussed the amendment with the gentleman from Illinois [Mr. DEWEY], just based on what he said a few moments ago I think I will be inclined to support that amendment, because it seems to me that under a \$60,000,000,000 a year expenditure for war material, \$5,000,000,000 a month is the maximum the Treasury will have to sell. With the sales of Defense bonds running about a billion a month, with your trust accounts of the Government buying more or less bonds all the time, and with the commercial banks certainly taking a great deal of those bonds, it seems to me that from a three to six billion dollars lift on short-term and long-term paper, if that is the way the Dewey amendment is worded, would be sufficient to meet any kind of an emergency that the Treasury can possibly face under a \$60,000,000,000 per annum war budget. If we are going to go into a hundred-billion-dollar-per-annum war budget as a result of our recent agreement between Lord Halifax and Sumner Welles, I would want to change my remarks very materially in that case. But I am speaking in terms of the \$60,000,000,000 a year war budget.

So, I hope when it comes to considering the Dewey amendment we will give considerable consideration to restricting this language so that the gate will not be so wide open as it is in this bill. It seems to me that would be a very constructive step we could take in connection with encouraging people to buy defense bonds. Certainly, with the gate partly closed, there will be more pressure upon the Treasury to sell bonds to the people direct—I mean defense issues, not open-market issues. It will thereby materially relieve the situation as far as the price administration is concerned. It may help the situation considerably as far as the tax program is concerned, and I think altogether will be exceedingly constructive.

It seems to me that the Federal Reserve Board and the Treasury might have come up here and faced the situation squarely and said to us, "We want the privilege of selling two billion, four billion, or six billion to the Federal Reserve banks and we want it for some short-time and some long-time paper."

I believe had that course been followed it would have been more constructive all the way along the line. My thoughts are running in that direction today. The more I consider this subject the more I am inclined to make that approach.

Incidentally, it seems to me that the people will have to buy enormously greater amounts of defense bonds than we are buying at the present time. Personally I think the people at home are falling down on the fellows who are at the fronts. I do not think we have caught the spirit of this thing insofar as the financing of the program is concerned. I shall not be at all satisfied with the sales of defense bonds until we pass two and a half billion dollars per month, or at least \$25,000,000,000 per year. I am not talking about institutional purchases now. I hope the Ways and Means Committee will bring to this House a tax bill imposing upon me and other citizens of this country a minimum of \$25,000,000,000 of Federal taxes per annum, based on this year's estimated annual income of \$102,000,000,000. I would rather give fee title to all the property that I have, transfer everything that I have to the Government and submit to a tax of 90 percent of my income than to proceed on the program we have been following and are following at the present time of building such huge deficits thereby creating capital levies against our equities.

I am one of those fellows who really believes in paying as they go, even if it takes the heart and most of the blood; so I am looking for big heavy tax bills. I think that is part of this general program and I hope the Ways and Means Committee brings it in.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, may I inquire as to the status of the time?

The CHAIRMAN. The gentleman from Nebraska has 1 hour and 5 minutes remaining, the gentleman from Michigan 58.

Mr. McLAUGHLIN. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. WILLIAMS], a member of the Committee on Banking and Currency.

Mr. WILLIAMS. Mr. Chairman, it seems to me there has been a good deal of unnecessary excitement about this title IV. I am a little astonished by my friend from Michigan [Mr. WOLCOTT], advocating the star-gazing theory that has been advanced by certain economists, some of these theorists that he has so severely condemned in the past. I believe perhaps that he and the gentleman from Illinois [Mr. DEWEY] are pursuing a rather weird phantom that is the result of an overworked or perhaps an oversensitive imagination.

There is just one plain, simple thing in this title IV, and that is all: Shall the Federal Reserve banks be permitted to buy bonds directly from the Treasury as well as in the open market or shall their operations be confined to the open market? The gentleman from Michigan [Mr. DONDERO], I believe it was, asked if there was any such provision in the law during the last war as

is provided in this title—that is, whether the Federal Reserve banks had the authority to buy obligations directly from the Treasury. That provision, of course, was in the Federal Reserve Act permitting the buying of bonds by the Federal Reserve banks directly from the Treasury from the very inception. That was in the original law and remained in it until 1935.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I would like to proceed for a moment. I have only 5 minutes.

The CHAIRMAN. The gentleman from Missouri declines to yield.

Mr. WILLIAMS. If I can get some more time I will be pleased to yield for any question concerning this issue.

It is well worth while to remember—and I call the attention of some of the older members of the Committee on Banking and Currency of the House to this fact, that in the 1935 act this provision limiting the purchase of bonds in the open market was not in the bill reported by the Banking and Currency Committee of the House and was not in the bill that passed this House at that time. It was put in in the Senate and accepted in conference. You ask me why it was put in the 1935 act and I tell you very frankly that I do not know why. I certainly saw no reason for it then and I know there is no reason for it now. It looks very much like it might have been slipped in there through the persuasion of some big bond broker or big financial interest, although I do not know that. There is not a scintilla of reason why that limitation should be in this law now or at any other time. It should never have been put in there. When any man gets on this floor and tells me that the purchase of bonds direct from the Treasury by the Federal Reserve bank is more inflationary than buying the same bonds in the open market from the commercial banks of this country I challenge that statement, because it is not true. Every bond that is bought in the open market by the Federal Reserve banks from the commercial banks of this country is 100 percent inflationary and you cannot possibly make it any more so by buying the same bonds from the Treasury direct. There is not anything in that argument, there cannot be. There has not been a man on this floor, I say, and there has not been one of these men who sent in all these letters, messages, and telegrams that has given a single reason why one method of buying bonds is more inflationary than the other. They simply make the bald statement that it is more inflationary to buy bonds directly from the Treasury than in the open market. I deny that and challenge the statement.

In order that there may perhaps be a better understanding, let us consider the mechanics by which these bonds are purchased. To start with, the Federal Reserve banks have the right and the authority to purchase Government securities limited now only in the open market. The provision of title IV strikes that out and permits them to buy either in the open market or from the Treasury direct,

or both, as they choose. The Open Market Committee is composed of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve banks from the different sections of the country. The Committee operates through an agent which in practice is the Federal Reserve Bank of New York.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I yield 3 additional minutes to the gentleman from Missouri.

Mr. WILLIAMS. The Open Market Committee determines the policy under the law. Now, remember this, the policy which the Open Market Committee follows in the purchase of bonds is laid down by Congress. Congress charts the course that they shall follow. We lay down the standards by which they operate. They in their policy must consider the general credit situation throughout the country and they must consider the needs of agriculture, industry, and commerce. The Treasury Department has no more to do with it than I.

Mr. DEWEY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I know what the gentleman read during his argument, which is subsection 6 of section 10 of the Federal Reserve Act. It has no application at all to this amendment contained in title IV. The gentleman evidently obtained his suggestion from Walter Spahr, the famous economist from New York University, because he wrote me a similar letter and sent me the same statement. Subsection 6 of section 10 has no more to do with this amendment, I say, than a Hottentot in Africa.

Mr. DEWEY. The gentleman does not believe in the Federal Reserve Act?

Mr. WILLIAMS. I read and studied it thoroughly, and I know that it does not have any connection, because the gentleman must know it does not say a word about the Open Market Committee.

Mr. DEWEY. It refers to the Federal Reserve Board, which is composed of the Open Market Committee.

Mr. WILLIAMS. I am surprised; I am astonished that the gentleman from Illinois with his experience and learning, splendid ability, and high standing would come in here with that suggestion which was made by Walter Spahr to the Members of the House and to the members of the Banking and Currency Committee. When it is analyzed, I say again as a lawyer who has studied it and studied it carefully, and I say it upon the advice and authority of the general counsel of the Federal Reserve Board, it has absolutely nothing at all to do with this measure and has nothing to do with the Open Market Committee. This committee is entirely independent and free of all direction and control by the Treasury. The Treasury Department is as far from dominating the Open Market Committee as it is any other separate agency or department of government. I say again this committee has its work to do in accordance with standards established by Congress and is in no way connected with or subject to the orders of the Treasury. The Treasury might act in an advisory

capacity, it might make suggestions, that is true. May I ask the gentleman if there is any reason, especially in an emergency, why the Treasury of the United States and the great central banking system should not work in cooperation, why they should not coordinate their efforts, why they should not work in harmony?

Mr. DEWEY. None whatever.

Mr. WILLIAMS. In order to finance this Government and in order to take care of the general credit situation throughout this country, it seems to me that the gentleman's position implies that the committee or the Treasury Department, or both, would misuse their authority and violate their trust. I assume that the Treasury and the Open Market Committee are as much interested in the credit conditions and general welfare of the country as either the gentleman or I. And, so far as I am concerned, I am willing to admit they know as much about the problems involved as I.

Mr. DEWEY. The gentleman asked me a question.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DEWEY. Will the gentleman permit me to answer the question?

Mr. WILLIAMS. No; I will not yield any further. I think I have answered the gentleman's question.

There are two important reasons why this limitation should be removed. In the first place, it will do away with the commission that the gentleman spoke about, and I want to ask the Members here on the floor what reason is there for the Open Market Committee to go out on the open market and pay a banker or pay a bond broker a commission to buy bonds? If the need to buy them exists on the part of the Open Market Committee, why not buy them direct from the Treasury and not be at the mercy of the bond brokers of this country? Why should the committee be compelled to pay a commission to a bond broker in order to buy bonds in the open market, when they can buy the same bonds directly from the Treasury without paying a commission? There can be no answer to that proposition. In the next place, it is a humiliating and a disgraceful thing to have the Open Market Committee representing the great central banking system in the greatest Nation on this earth go out, as this law now compels them to do, and on bended knees and with hat in hand ask the commercial banks through their bond brokers to buy a bond issue in order to sustain the bond market of this country. It is a disgraceful thing to have to do that, but that is the situation we are in and that is what we had to do after the Pearl Harbor incident. It should not happen again. The Board should have the right to buy them direct, and be saved this humiliation and expense. Title IV should remain in the bill.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, as I take it, this amendment has been offered



by the Judiciary Committee to the House upon the recommendation of the Treasury and the Federal Reserve System for one purpose and one purpose only, namely, to stabilize the Federal bond market. It would be very anomalous indeed if the rank and file of the Nation were persuaded to buy defense stamps and defense bonds to support the great war effort only to find those bonds and those stamps in a falling and declining market.

Situations are bound to arise during the emergency where the market must indeed be properly stabilized. The purpose of this amendment is to be certain that there cannot be even by the widest stretch of the imagination a situation develop where the bonds would so fall in price as to affect dangerously public morale. Around March 15 the Treasury usually has great obligations to assume. Large sums must be paid out and large sums are coming in, but the outgo and the income are not synchronized; they do not meet exactly to the penny; therefore the Treasury must get sufficient funds to run the Government and to meet its obligations exactly on time. It cannot wait. It must rely upon the Federal Reserve System to which it turns over its bonds and gets the cash.

It might be that the open-market transactions could meet a situation of that character. It may be, on the other hand, extremely difficult to expedite the bringing into the Treasury of sufficient funds to meet Treasury obligations at that particular time, to wit, March 15, merely through open-market transactions. Direct purchases from the Treasury may be necessary to supplement such open-market purchases. Anything can happen in a war. We must be ready for all emergencies. The Treasury cannot be embarrassed at any time. It should not be. It must have sufficient funds at all times. It should never be placed in the position of being badly pinched because of large withdrawals.

The purpose of this amendment is to facilitate these arrangements, and nothing should stand in the way of that facilitation. You heard something said today and yesterday about Pearl Harbor. It would be tragic, indeed, if the bonds that were offered by the Treasury on December 8, the day after the Pearl Harbor tragedy, had not been taken up completely by the public. It so happened that they were taken up successfully by the public. But the Federal Reserve Board was not taking any chances. It went out on the open market and made purchases. This type of making purchases might grow extremely difficult in another emergency, and we are going to have to go through many emergencies. The startling news had caught the Treasury in the midst of a large and difficult fiscal operation. That crisis was properly and logically met by Federal Reserve purchases in the open market to hold up prices for the Government bonds. But under the same or more tragic circumstances it might be awkward, if not extremely difficult, for the Reserve System to buy successfully in the open market. We can take no chances. The limitation of direct purchases must be lifted. Oth-

erwise we get into serious difficulties. I do not say we will. We may.

In time of war our fiscal authorities ought not to be handcuffed.

Furthermore, what happened on December 8? The Federal Reserve went to a number of brokers and asked them to make the arrangements whereby the Federal Reserve could get the amount of bonds they sought. Without putting up a single dime, without putting up a single penny, these dealers reaped a rich harvest, and all they did was to write a few letters and have a few interviews. The transaction was then closed, and they pocketed thousands of dollars.

It might sound very little to state, as the gentleman from Illinois did state, that it was only 31 cents' commission on every \$1,000, but multiply that 31 cents by millions of \$1,000-bond transactions and you will get a rather tidy sum. The Treasury and the Federal Reserve System should not be placed in the embarrassing position of being compelled in an emergency of that character to go to any dealer or any set of dealers for a compulsory purchase of this character.

It has been stated and bruited about that the Treasury could by this amendment have an instrument to bludgeon the Federal Reserve System to do its bidding. Let me read briefly from the testimony of Chairman Eccles of the Federal Reserve Board:

The Treasury cannot compel the Reserve System to purchase Government securities. The Federal Reserve System has the discretionary power to purchase them. The Treasury has no mandatory power to require it.

That should be sufficient answer to those who are disturbed that the Treasury may get control of the Federal Reserve System in this regard.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Idaho.

Mr. WHITE. The gentleman says that the Treasury cannot force the Federal Reserve to buy bonds. If the Federal Reserve does not support the bonds, with all their huge reserves of Government bonds, what becomes of their reserves?

Mr. CELLER. Yes; but the Federal Reserve System has always done everything in its power to aid the Treasury. The point I am trying to make is that the Treasury has no power to coerce and to force the Federal Reserve Board to do its bidding.

Mr. WHITE. If the Treasury shoves out a big issue of bonds and the Federal Reserve does not buy them and the bonds fall in price, what happens to all the reserves in the form of bonds held by the banks?

Mr. CELLER. Thank God we have a Federal Reserve Board and a Treasury Department that cooperate with each other. They confer with each other, work faithfully with each other. The situation which the gentleman conjures up could not, would not happen.

This whole situation can be summed up in the word "confidence." We must have confidence in the Federal Reserve Board. It is just like giving a doctor the power to put cocaine or morphine into

the body of a patient. The doctor can give an overdose, the doctor can give too much, but you have confidence in the discretion and the wisdom of that doctor, and you give him the right to inject that cocaine or morphine into that disturbed and diseased body. So it is with the Federal Reserve System and the Treasury. We must have the uttermost confidence in those two entities or we may as well not have any bill at all. They are our fiscal doctors. They, with this amendment, may have power to create great inflation. That is possible. They could conspire to bring about great inflation. But we have confidence in these doctors. They will help and cure us. They will not inject into us any virus of inflation.

I am willing to give them this additional power, particularly since we have the experts who know something about fiscal matters telling us there is no danger.

Senator CARTER GLASS, of Virginia, former Secretary of the Treasury—and there is no one better informed than he on financial matters—is the author of the original amendment that took this power away from the Federal Reserve System in 1935. He is now the author, as it were, in the Senate of this amendment embodied in title IV. He now feels that as a result of the war and the necessity of bolstering up the powers of the fiscal agencies of the Government, that the restriction of direct purchases should be removed from the Federal Reserve System powers.

Mr. Eccles also indicated that unless we take away this restriction from the Federal Reserve Board it is going to cost the Nation more money to finance the war effort. I will read what he said:

In the last war the cost of financing the war was increased all during the war. In other words, the Government was paying increased interest rates during the entire period. The member banks, instead of having any excess reserves or excess funds, were borrowing heavily from the Federal Reserve System. They borrowed as much as \$2,000,000,000 from the Reserve System to finance the many people who were purchasing governments and also to finance commerce, industry, and agriculture.

Now, if the Reserve System at that time had either purchased a lot of securities in the market or purchased directly from the Treasury, they could have kept that interest rate down, instead of having the 4½-percent rate, tax-free, which was outrageous, in my opinion. Instead of the basis they did finance it on, they could have financed at 2½ or 3, or whatever rate they wanted to establish.

In other words, taking away this restriction by passing title IV will enable the Federal Reserve System to sell its bonds at a lower rate of interest than they were sold at during the last war. That is worthy of our consideration and should prompt us indeed, if nothing else should, to adopt this title IV.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. HANCOCK], a member of the committee.

Mr. HANCOCK. Mr. Chairman, the course the debate has taken up to date indicates quite clearly that omnibus bills of this type are inadvisable. Fully half

the time that has already been consumed has been taken up in the discussion of one item in the bill, title IV, and nearly all of that time has been used by Members of the Committee on Banking and Currency. I think it is plain that we would have gotten a better piece of legislation and a better understanding of this title if it had been introduced as a separate bill and had been referred to the Committee on Banking and Currency, where their differences of opinion could have been discussed in the committee room.

When this bill was introduced a few days ago the membership of the House was stunned and shocked at its wide scope and the magnitude of its provisions. I judge from remarks I have heard on the floor and in the cloak-room that Members are suspicious of it and are afraid of it. They imagine there are all kinds of ghosts here. They see in it a complete destruction of our civil liberties and our property rights. I wish to reassure the Members on this side at least that this bill is in the main wise and necessary. I intend to vote for it whether it is amended or not. I think there are some questionable features in it and, perhaps, some amendments should be adopted, but most of the 15 titles are emergency measures which we need in the prosecution of this war.

If you have read the bill you will realize it embraces subject matter which properly comes under the jurisdiction of the House Committees on Interstate and Foreign Commerce, Banking and Currency, Merchant Marine, Post Office and Post Roads, Immigration and Naturalization, Coinage, Weights and Measures, Census, Military Affairs, the Judiciary and, perhaps, other committees. I do not believe that in the history of the Congress we have had a bill that was quite so far reaching and covered so much ground as this measure. It is a bigger job than one small subcommittee can handle satisfactorily.

I had the privilege and responsibility of sitting on the subcommittee which listened to the representatives of the departments and bureaus that are interested in the various items. We only heard the proponents. I am not blaming anybody for this. The chairman of our subcommittee, the gentleman from Nebraska [Mr. McLAUGHLIN] worked diligently and faithfully to give the bill adequate study and consideration and to bring it to the floor of the House as expeditiously as possible because many of the provisions should be enacted without unnecessary delay. I compliment him for his conscientious devotion to an important and arduous task.

In opening his statement to us, the Attorney General said:

It might interest you to know the method in which the bill was originally prepared, as I think it is probably a very good technique, particularly during this period when many of the departments are anxious to get through bills which they think affect their efficiency in the war.

He then explained that an emergency legal committee had been set up in his office to ascertain the legislation desired

by the agencies of the Government to aid them in their war efforts. Their requests are incorporated in this bill.

I say it is extremely bad technique, and with all due respect to the Attorney General, his zeal, his high motives, and patriotism, I hope he will not recommend another piece of legislation of this kind. I do not believe he fully appreciates that the legislative committees of the House develop specialists on the subjects within their jurisdiction, that they are jealous of their prerogatives and resent attempts to usurp their functions. Without exception, the Members of Congress wish to be helpful and to cooperate with the executive branch in every possible way.

We have heard a couple of hours of discussion of title IV. I think the advisability of that title is extremely questionable. I also doubt the advisability of section 6.

You will recall that a requisition bill was passed a few weeks ago. An amendment was offered by the gentleman from New York [Mr. TABER] and adopted. This amendment made it impossible for the Government to go into a plant and seize a piece of apparatus or machinery which was necessary for the operation of that plant. Title VI repeals that provision, and it leaves the owner of such a plant in the position where his recovery is limited to the fair market value of the property seized. In other words, an agency of the Government can go into a man's plant under this title, take machinery essential to the operation of that plant, and the only damage which the owner can recover is the value of that machine as a second-hand article. This is not fair. In my opinion, the principle of severance damages should be applied here. In most jurisdictions, when a part of a parcel of real estate is taken, the measure of damages is the value of the whole parcel of land before and after taking a part thereof. I think a similar rule ought to be applied here. I do not believe that the Requisitioning Act could have been passed without the Taber amendment. Here, with little discussion and with a very weak showing of the necessity for it, we are asked to repeal the so-called Taber amendment.

I think title VIII is also questionable. This title opens wide the doors to every employee officially employed by the Office of Civilian Defense to the benefits of the United States Employees Compensation Act. It is not needed at the present time. The question should receive further consideration than it has been given. I understand our distinguished chairman will move to strike it out of this bill.

I also have some doubt about the advisability of the title providing for the coinage of a new 5-cent piece, to be made principally of silver and copper. The present coin costs one-fifth of a cent to make, the new one will cost 4½ cents. Since we are now coining nickels at the rate of over 300,000,000 a year the change will cause a substantial loss in seigniorage. The proposed coin will be so valuable intrinsically, so nearly worth par, that there is danger it will be hoarded. This title ought to have been considered

by the Committee on Coinage, Weights, and Measures.

I should like to discuss the bill in greater detail but I have not the time. I think it ought to be passed. Improve it if you can, but do not defeat it. If there are mistakes in it they can be corrected by subsequent legislation.

All of us realize the grim, bitter truth that our country is face to face with the most perilous, fateful period in its history and we are reconciled to the necessity of sacrifice, privation, and, as we believe, a temporary suspension of our property and civil rights. Every true American is eager to do his duty, to carry his full share of the burden. This bill will cause some hardship on different groups of people, but it ought to be passed, with or without amendment.

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, may I say at the outset of the short period I have to talk on this subject that all of us realize we are engaged in war and that great power must be extended to the Chief Executive in time of war. We must win this war and we must win it as quickly as possible.

This bill is what we term ordinarily an omnibus bill. There are 15 titles in it. I agree with the gentleman from Colorado [Mr. LEWIS], a member of the Rules Committee, who spoke on the rule on this bill and referred to the numerous titles and numerous subjects involved in the measure, many of which should never have come before the Judiciary Committee, but should have gone before a committee to which that particular title or subject is applicable.

I want to call the attention of the Members of the House especially to title II of this bill. As I mention matters in this connection I want to say that I have the highest regard for the chairman of subcommittee No. 4 of the Judiciary Committee, the gentleman from Nebraska [Mr. McLAUGHLIN]. We heard the evidence on this bill and, finally, after a full hearing, the bill was reported out. Under title II, I want to call your attention particularly to the fact that there is an attempt to broaden the field of eminent domain. Heretofore condemnation has been applicable only to real estate, but in this bill condemnation is extended to personal property as well as to real estate. A new field has been entered. We are exploring a new procedure with reference to the condemnation laws.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. Certainly.

Mr. McLAUGHLIN. I think it would be well for the gentleman to point out that the personal property to which this power is extended is only personal property that is a part of the real estate which is taken by the process of condemnation.

Mr. SPRINGER. I wish to thank the gentleman. I am coming to that point just now, and I shall read that portion of the bill, so the membership will hear it



and know just what the provision is. In line 13, on page 3, the bill provides:

or may cause proceedings to be instituted in any court having jurisdiction of such proceedings, to acquire by condemnation, any real property, temporary use thereof or other interest therein.

It will be observed that this language is very broad. I do not know that the provision could be made broader, because it provides for the condemnation of the real estate, the temporary use thereof, or other interest therein. Then listen to the following provision of that section of the bill—

together with any personal property located thereon or used therewith.

When we refer to that language, that appeals to me that there can be a condemnation of the real estate and the personal property which is located thereon and used therewith.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. GUYER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. SPRINGER. And there may also be condemnation of, or the decree of the court may extend to, the temporary use of the real estate, and of the personal property, as well as "or other interest therein" of both personal property and real estate.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. Certainly.

Mr. DITTER. Would the gentleman say that there could be a condemnation proceeding which might destroy that personal property right, that is the right in the personal property, entirely independently?

Mr. SPRINGER. I think the gentleman is entirely correct, and I am just coming to that particular point in this discussion.

Mr. GRAHAM. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. Yes; I am happy to yield to my colleague from Pennsylvania.

Mr. GRAHAM. Is there anything in that language that the gentleman has just quoted which will prevent the sale or disposal of this property to anyone, so that there would not be recourse in the original owner?

Mr. SPRINGER. There is not, and it provides in lines 21 and 22 that the Government may dispose of such property, or interest therein, by sale, lease, or otherwise, in accordance with section 1 of the act of July 2, 1940, 54 Statutes, 712, and I shall read from that statute. This is section 1 (b) of 54 Statutes, 712. I quote:

The Secretary of War is further authorized, with or without advertising, to lease, sell, or otherwise dispose of such plants, buildings, facilities, utilities, appurtenances thereto, and land, under such terms and conditions as he may deem advisable.

Therefore, under that provision of the law, the man whose property is taken stands by and these agencies have the power to sell and dispose of it, with or without advertising, in such manner and in such form as they may determine.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. Certainly. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. Will it permit them to condemn without its being necessary? In the R. F. C. bill all they have to show is that it is advantageous. I ask the gentleman if there is any precedent for this, in the common law or statute?

Mr. SPRINGER. As I stated, this is an entirely new field in the law of eminent domain, and under the provisions of this proposed act itself, in line 17, where it refers to the taking of the personal property, the provision is further stated:

that shall be deemed necessary, for military, naval, or other war purposes.

And the condemnation can then proceed in the manner and form as provided by law.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. Yes. I yield to the distinguished gentleman from Kentucky.

Mr. ROBSION of Kentucky. It developed that one of the things that would likely take place is that they could go in and take the real estate, take the plant, and take any part, or take any part of the machinery therein, or any part of any machine. Isn't that it?

Mr. SPRINGER. That is true, and I shall reach that point in a moment if the gentleman will permit. Under this proposed law, and under this plan of condemnation, any part of the real estate may be taken, or any part of the personal property may be taken. In other words, under this plan of condemnation proceedings, the real estate and the factory buildings may be taken, and any master machine or machines might be taken.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. GUYER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. SPRINGER. A master machine or machines may be taken out of that plant, leaving all other machines and all other property which is subsidiary or secondary to the master machine practically valueless and worthless to the owner of that plant. The distinguished gentleman from Alabama [Mr. HOBBS] will offer an amendment to title II of this act, to which I have addressed my remarks. I suggest for your consideration in this connection the measure of damages as now provided in the law is the fair market value of the property which is taken. If the real estate and master machines are taken, then the measure of damages would be the fair market value of that property which is taken, without regard to any damage to any other property or to any other machines in that plant. My conclusion is in this connection, since we are exploring a new field and since we are going into a new theory of condemnation under the law of eminent domain, that the property should be considered as a whole, and the value of that plant or of that farm, or whatever property is taken, should be considered as a whole, both the real estate and the personal property and the value thereof ascertained before the taking occurs, and then the value of that

same property estimated after the taking has occurred, and the difference in value would constitute the measure of damages, so that fair and just compensation may be awarded to the people of this country who own the property and which property may become subject to condemnation under this proposed bill. I urge that our people be protected and that their property and their rights therein be not taken without just compensation being paid therefor by our Government. We are at war, but our people must be protected in their property rights.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GWYNNE.]

Mr. GWYNNE. Mr. Chairman, I intend to vote for this measure. I shall now confine my remarks to three titles in the bill.

Under title VII we put the members of the selective draft boards under the Hatch law. I am in favor of the Hatch Act. I doubt, however, the advisability of extending it to cover members of the selective draft boards. The Hatch Act is not extended to cover other civilians who have similar duties and functions. Members of those selective draft boards are chosen in a nonpartisan way. In my section, at least, they are people of very high standing. They are performing a necessary and many times painful duty. I believe the bill might well be amended to exempt them from the operation of the Hatch law.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. WADSWORTH. And will the gentleman remind the House that they serve without pay?

Mr. GWYNNE. That is true.

Now, I want to go to title II and title VI, about which something has been said recently. I cannot agree with my colleagues that those two titles make any great fundamental changes in the law of eminent domain as it now exists in this country. If there is anything wrong about the proceeding by which the Government takes your property it is because of laws heretofore passed, and because of court decisions heretofore rendered.

What changes do we make in the law? In title II here are the principal changes: We extend the power of taking, now held by the Secretary of War, to the Secretary of the Navy and any other officers or agencies designated by the President.

Second, we give the Government power to take immediate possession—that is, when the petition for condemnation is filed. That right exists now in many States.

Third, we empower the Government to take the real estate and incidental personal property thereon. As I understand this title, the right to take personal property under this title is limited to personal property that is used on or in connection with the real estate. For example, a fence attached to a farm would be part of the realty. A temporary fence, not attached but used habitually in connection with the farm, would be the kind of

properly, I think, that is meant to be covered by this particular amendment.

It also gives the Government the right to take and improve the property before the opinion of the Attorney General is given as to the title. That is title II.

Title VI amends an act we passed on October 16, 1941, which allowed the Government to requisition personal property. The only amendment we make in title VI is to strike out the Taber amendment to the original act. You will remember under that amendment the Government could not take a piece of machinery which was in actual use in a factory and necessary to the operation of the factory. I supported that amendment then. I believe now, however, circumstances require the repeal of it.

Let me call your attention to a very important amendment that will be offered by the gentleman from Alabama [Mr. HOBBS]. That has to do with the amount of damages that will be awarded in these cases. He will offer this amendment:

The amount paid for any property so taken shall include fair compensation for losses proximately caused by the taking, in addition to the amount which would otherwise have been payable.

I suggest if you wish to see some interesting litigation that will never end, adopt that amendment.

Now, what is the situation about this eminent domain? The right of the Government to take property for a public purpose is a constitutional right, based upon the fact that the Government is sovereign. In a thousand cases from the beginning of our Government, the Federal Government, State governments, municipal governments, and public utilities have taken private property for a public use. Now, what damage do they pay? That is more or less regulated also by the Constitution, as interpreted by the courts.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GWYNNE. As you know, there is an inhibition in the Federal Constitution and most of the State constitutions against the taking of private property without just compensation. The courts in innumerable cases have recognized the fact that the assessing of damages can never be reduced to an exact science, but the courts in their experience in these cases have pointed out the guideposts which in most cases show the way to a just decision. The general rule adopted is that if your property is taken you will be awarded the reasonable market value of that property. If part of your property is taken, consideration is always given to that fact and you are usually awarded the difference between the market value of the entire tract before the taking and the reasonable market value after the taking. In arriving at market value the courts have allowed great latitude in the taking of evidence and will do so in this type of case.

My objections to this amendment are twofold. First it would unsettle the well-established laws of eminent domain re-

lating to damages; and, secondly, you would make the Federal Government pay more for the same property than they would be required to be paid if the property were taken by the State, or the municipal government.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. GIFFORD. What worries me is personal property, good will, and that sort of thing. I hardly think there is an established procedure for determining the loss of good will and the loss of labor through the taking of machinery, for instance.

Mr. GWYNNE. It is done very often, let me say to the gentleman from Massachusetts. When they take a factory, and it is done now, they give the reasonable market value; and in computing the market value they consider prospects and good will. Everything should be and is considered by the average jury.

In this and other legislation we are granting to the Executive great powers. There is nothing unusual nor undemocratic about such procedure. The carrying on of a war is a function of the Executive. He alone, through his experts, can say where the men and the weapons shall be employed. Practically all democratic governments have recognized this necessity and have made arrangements for it. The provision for appointment of a dictator in the ancient Roman Republic is an example. Even among the Indian tribes in America it was the practice to choose a war chief whose powers terminated with the coming of peace.

The framers of our Constitution had learned from experience the futility of divided authority against an enemy. The powers given to the President as Commander in Chief of the Army and Navy are comprehensive and have been so construed by the courts. The methods of warfare have radically changed since Revolutionary days. It is no longer an effort made on well-defined battlefields by a relatively small body of soldiers. Now the fighting forces consist of the entire population. Industry, commerce, and agriculture must all be mobilized for victory. This necessitates a control by the Executive in fields where in time of peace he has no constitutional authority.

An emergency due to war also increases the power and responsibility of the Congress. Insofar as the delegation of war powers is concerned, the Congress should be guided by three fundamental principles:

First. The powers granted should be only for the purpose of carrying on the war.

Second. Constant vigilance should be exercised to see that these powers are used efficiently.

Third. Adequate steps should be taken now to guarantee the return of the powers to the people when the emergency has ended.

Since the first World War gigantic forces have been operating all over the world. After incredible crimes these forces have succeeded in establishing in Germany, Italy, Japan, and Russia governments founded on principles widely

differing from our own. In a more limited way these same forces have been operating in our own country. Certain groups in our population, some consciously and others unconsciously, have been advocating policies which must eventually lead to a totalitarian state. Their work has been made easier because of the depression following the first World War. That emergency made necessary the exercise of certain powers by the Federal Government and particularly by the executive branch. In the field of relief, for example, we set up such organizations as the C. C. C., the N. Y. A., and the W. P. A. In their day they may have been necessary.

However, we now face a different situation and these organizations are not useful in the prosecution of the war. The appropriations for them should be drastically reduced or their activities completely eliminated. Great care should be taken to prevent further making over of our Government under the guise of the national defense.

In the second place, it is the duty of the Congress to insist that the vast powers granted shall be exercised with the greatest efficiency. The organization of our war effort still leaves much to be desired. Many persons holding important positions were chosen because of their attitude toward certain reforms thought by the administration to be desirable. Valuable as they may be in that field, many of them do not have the administrative ability necessary to carry on the war. They should be replaced by men who have demonstrated in their private life their ability to get things done. The duty of Congress does not end when it appropriates the necessary funds. Through its proper committees it should keep the country constantly advised concerning what it is securing for its money.

When the war is won it will be our duty to return the country to normal American life. Although we must have it in times of emergency, the concentration of great power in the Federal Government is not consistent with that way of life. History has often demonstrated the difficulties of getting back powers delegated even temporarily. This particular bill attempts to meet that situation in two ways. First, it provides that the powers granted may be terminated at any time by a concurrent resolution of the Congress. This is an excellent provision, although there is some doubt about its constitutionality. There is a further provision that the power shall not be exercised after December 31, 1944. This is a very definite and effective safeguard and a similar provision should be carried in all bills making great and unusual grants of power.

Mr. Chairman, I yield back the balance of my time.

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, this administration blows hot and it blows cold in its war efforts, all in the same day. It asks unlimited, arbitrary power, on the theory that it needs it to carry on the war, but it refuses to exercise the



power it has to end practices by its political allies which prevent successful, efficient production of necessary war matériel.

Under this bill the President is granted authority to do almost anything he wants to do. He can destroy the rights granted to us under the Constitution; he can take away our property. Now, the majority party brings in a bill of this kind and gets us in a hole. That is characteristic of the majority party. They did it yesterday, they are doing it again today.

For example, you are getting me where I must vote for this bill or be charged with being against the administration's war effort; and at the same time you place me in a position where when I vote for this bill I destroy the rights of constituents I represent. There is no question about it. Under one of the sections of this bill the administration, or Sidney Hillman, if the President designates him, can take possession of any factory in Michigan for the purposes of war production and turn that factory over to a group designated by the union. There is no question about that; he can do it. Any Federal agency named by him can do it. What a club over employers that gives to the labor politicians. But you say we must vote for the bill. We must give the President authority in order to win the war. Unless he quits playing politics with labor politicians, we will never win the war. All right, I will go along with you; I will vote to give him power; but, believe me, we are going to hold you, the majority party and this administration, to strict accountability for the way in which this power is exercised. What do we have on the other side of the picture?

On Monday night, the President, in his report on the progress of the war, which came while his political adherents were sitting down to a \$100-a-plate dinner here in Washington, said:

We shall not stop work for a single day.

Twice again in that admirable, inspiring address, he reiterated that sentiment. But, what is the fact?

#### PLAYING POLITICS WITH FIRE

This administration, and the majority party, in spite of the war and notwithstanding the losses which, except the loss of the *Normandie*, may have been unavoidable, are playing politics.

By that charge I mean that the administration, without being checked by the majority party in Congress, is following a course in connection with war production which tends directly to, and is, and for some time in the past has been, not only delaying but diminishing our supply of materials for the fighting men.

This course the administration is not following unwittingly nor inadvertently. It is following it knowingly and deliberately. It apparently has weighed the disadvantages and the advantages. The administration knows that its labor policy has curtailed, that it is and that it will continue to curtail, production of essential war materials. That is the disadvantage of that program. The only possible advantage is the one which flows directly to the administration itself, as distinguished from the country at large. The labor policy of this administration

is designed to, is followed for the purpose of, and the result of it is, the securing of political support from the leaders of organized labor.

Whatever may have been said by the administration about the four freedoms, about how Hitlerlike it would be to deny to American citizens their moral and legal right to work without being forced into a union, it is nevertheless true that the policy adopted by the administration and sanctioned by this Congress by its refusal to give relief has deprived and is depriving American citizens not only of the opportunity to exercise their unqualified right to work in defense of their country and to earn a livelihood for themselves, but is also directly and to an alarming extent depriving our armed forces of their urgently needed and absolutely necessary supplies and munitions.

Notwithstanding his statement that this Government would not force men to join a union, that very thing is being done by agencies created and controlled by the President. Defense workers are being "Hitlerized," as the President termed it, by being forced into unions controlled by Murray and Green.

Monday night, the President pointed out how far-flung were our battle lines; how incredibly long were our supply lines; the almost insurmountable difficulties of maintaining lines of communication between the home base and the fighting front.

The President knows, or should know, something of the magnitude of the task which confronts not only the fighting forces but the civilian population. Unfortunately, he has refused, and he still refuses, to act at the source of the danger here at home—to change the policy which is slowing down the wheels of industry, delaying the day when we can say that civilians at home are doing their utmost for those who are bearing arms.

On February 17 last, a Member of this body uttered these words:

There has been no strike in defense industries, and there are no strikes today.

To show how inaccurate was that statement and the necessity for action by Senate and by House, from the United States News, dated February 27, I print the following, which refers to strikes reported during the very week the Member was making his statement:

#### STRIKES

Twenty-four strikes, involving more than 8,710 employees, were reported in Washington last week. Included were four slow-downs of which the Government took official cognizance. The most serious of these cut production by 40 percent at Monroe Steel Castings Co., Monroe, Mich.

#### The totals:

Eleven American Federation of Labor strikes involving more than 2,895 employees.

Ten Congress of Industrial Organizations strikes involving more than 3,815 employees.

Three independent union strikes involving more than 2,000 employees.

In the list below, the figures in parentheses are the approximate number of employees involved in each strike. Asterisks indicate the slow-downs.

#### INVOLVING AMERICAN FEDERATION OF LABOR UNIONS

Building trades: Edwin F. Guth, St. Louis, Mo. (20); Dennison Engineering Co., Colum-

bus, Ohio; Timken Ordnance Co., Canton, Ohio (50); Noank Shipyards, Noank, Conn. (70).

Electrical workers: Spicer Manufacturing Co., Toledo, Ohio.

Garment workers: Cable Raincoat Co., Boston, Mass. (1,400); Sun Manufacturing Co., St. Joseph, Mo. (270).

Leather workers: Elkland Leather Co., Elkland, Pa. (875).

Metal trades: Columbian Bronze Co., Freeport, N. Y. (150); Curtiss-Wright Corporation, Caldwell, N. J.\*

Miscellaneous: E. C. Atkins & Co., Indianapolis, Ind. (60).

#### INVOLVING CONGRESS OF INDUSTRIAL ORGANIZATIONS UNIONS

Aluminum workers: Aluminum Co. of America, Detroit, Mich. (2,000); Detroit Nut Co., Detroit, Mich. (60); Federal Mogul Corporation, Detroit, Mich. (500); Firestone Rubber & Metal Products Co., Wyandotte, Mich.\*; Monroe Steel Castings Co., Monroe, Mich.\*

Paper workers: Detroit Container Corporation, Detroit, Mich.

Textile workers: New York Mills, Inc., New York (375); Union Manufacturing Co., Union Point, Ga. (600).

Woodworkers: Booth-Kelly Lumber Co., Springfield, Oreg. (200).

Miscellaneous: Dorset Foods Corporation, New York, N. Y. (80).

#### INVOLVING INDEPENDENT UNIONS

Curtiss-Wright Corporation, Columbus, Ohio.—The Aircraft.\*

Gulf Shipbuilding Corporation, Chickasaw, Ala. (800)—United Brotherhood of Independent Welders.

Peter Cailler Kohler Candy Co., Fulton, N. Y. (1,200).

It will be noted that six of the C. I. O. strikes occurred in Michigan.

From a morning paper published here in Washington I read the following, calling attention to the situation which exists today, and which is captioned by the President's statement Monday night, "We Shall Not Stop Work for a Single Day":

WE SHALL NOT STOP WORK FOR A SINGLE DAY—FIRST OF THE "HIGH PURPOSES" FOR AMERICANS GIVEN IN PRESIDENT ROOSEVELT'S SPEECH MONDAY

THE ANSWER: PHIL MURRAY'S BOYS—5,000 REFUSE TO WORK 10-HOUR DAY IN WEST

Labor controversies yesterday slowed up war production in a number of localities. Associated Press dispatches brought word of these interferences:

Five thousand Congress of Industrial Organization workers walked off the job at the Bethlehem Steel Co. yards at San Pedro, Calif., at the end of 8 hours and said they would refuse to work a 10-hour shift on the \$81,000,000's worth of Navy destroyers being built by the company.

Production was crippled at the Monarch Aluminum Manufacturing Co., Cleveland, engaged in producing bomb and aircraft parts, by Congress of Industrial Organization employees remaining off the job because they said they were being "terrorized" in the plant.

Striking Congress of Industrial Organization employees of the Ralston Steel Car Co., Columbus, Ohio, were urged to resume work at once by a regional director of the National Labor Relations Board, who cited President Roosevelt's Monday night address in his appeal.

At the demand of the War Department, 350 maintenance and construction workers (American Federation of Labor) of the Union Electric Co., of Missouri, resumed work after a brief sit-down strike over transfer of two employees from one plant to another.

Seven American Federation of Labor men, held at Louisville for stopping a truck and trying to persuade the driver to join a strike,

were warned by a Kentucky judge that "we are not going to have strikes here while the war is on if I can help it."

#### UNION URGED THREE SHIFTS

SAN PEDRO, CALIF., February 24.—Five thousand C. I. O. shipyard workers persisted today in their refusal to work more than 8 hours of a scheduled 10-hour day at the Bethlehem Steel Co. yards, where \$81,000,000 worth of Navy destroyers are under construction.

"The Government asked the company to operate 24 hours a day, 7 days a week," said Philip M. Connelly, State C. I. O. president. "Instead of putting on three 8-hour shifts, the company put on the two 10-hour shifts."

There was no change in the total number of men employed.

The C. I. O. workers left their jobs after 8 hours' work yesterday and continued the schedule today. A conference between union and Bethlehem representatives failed to bring an agreement. No statement was forthcoming from Bethlehem officials.

Earlier, union spokesmen emphasized that the workers were not striking.

C. S. Brown, Sr., union business agent, and Walter Brunnock, secretary, said all employees had been handed pamphlets reading:

"Eight hours is a day's work under our agreement with Bethlehem and the United States Government. Starting February 23, all men go home at the end of 8 hours, by unanimous vote of local No. 9. Any man who fails to comply with this order is subject to disciplinary action by local No. 9."

#### WAR PRODUCTION CRIPPLED

CLEVELAND, February 24.—A labor-management dispute today crippled war production at the Monarch Aluminum Manufacturing Co., wholly engaged in making aluminum bombs and aircraft parts.

Company spokesmen said production was cut in half by a controversy with the Congress of Industrial Organizations Mine, Mill, and Smelters Union. Alex Balint, union representative, asserted no strike had been called, but that 95 percent of the 150 day-shift workers voted yesterday not to return to work "until we can be assured we will not be terrorized inside the plant."

Balint added that the union seeks to represent employees and reinstatement of 12 Congress of Industrial Organizations members laid off. D. R. Gould, Monarch's secretary, declared the company is dealing with the Independent Aluminum Workers Organization, Inc., because this group was voted bargaining agent last September.

"The present curtailment is holding up important aircraft parts," Gould added. "We are getting pleas daily from Glenn L. Martin and other aircraft manufacturers for speedier delivery."

At the Philadelphia Navy Yard, where they are building ships to transport supplies to the soldiers, C. I. O., Local 420, has a contract with the company which calls for the payment of \$1.50 an hour for a 5-day week of 7 hours a day, with \$3 an hour for all hours worked over 35 in 1 week.

Notwithstanding that contract, the officials of the union called a strike in the yard's No. 4 drydock, said to be the largest in the world; and, when 17 steam fitters refused to violate their contract and go out on strike, the union refused to accept their dues, canceled their membership, and caused their discharge. Those men are now appealing to the court to protect them in their efforts to work for national defense.

Neither Germany, Italy, nor Japan is fighting this war on a 40-hour-a-week

schedule. Neither is any one of them paying a wage and a half for every hour worked over 40 hours a week, and double pay for work performed on holidays and Sundays.

The losses sustained so far in this war by Britain and by us should bring home to us the cold, hard fact that we must cease our efforts to profit out of the war; that we should lay aside our selfishness. We should now be convinced that, when the war imposes additional burdens, calls for additional service, those burdens must be assumed and that service must be rendered without any attempt to nullify the effect of those burdens, those sacrifices, by insisting upon more compensation.

If we are to win the war, the 40-hour week must go, and we here at home, like the armed forces, must devote our whole time, all of our energies, toward efforts to win that war.

The President's statement, "We shall not stop work for a single day," are words of high purpose, but they are only words. They are not, and the principle they state has not in the past been, backed by Presidential or congressional action. They are, after all, only words. They will be only words until this House asserts itself, passes legislation to remedy the evil, and insists that the other body take action.

We have no right in this House to attempt to influence the action of the other body, but we have the right, and it is our duty, to insist that it act. This House should insist—and we have the power in our hands to enforce our demand—that the other body act on the legislation which we have sent to it.

It is absurd to attempt to fight a war while, at the same time, denying to those who are laying the foundation not only for our defense but for our offense, the right to create, to produce, the things which are necessary if we are to win. It is foolish to talk about carrying the four freedoms to the uttermost corners of the world, while we deny to men here at home the right to earn a livelihood.

It is silly for this Congress to make appropriations of billions of dollars; to pass bills granting arbitrary and unlimited power to the Executive to carry on a war and, at the same time, follow a policy which denies to our citizens—ready, willing, patriotic—the opportunity to do their utmost in support of that war. That policy this administration is now following by playing politics with the leaders of organized labor; supporting them in their organizing campaigns, in their efforts to enrich their treasuries.

I appeal to the Members of this House to assert their independence; to act courageously and to adopt legislation which will free every American so that he may do his utmost in support of our fighting forces and to do it without first being compelled to pay tribute to, buy a license to work from, labor politicians who are seeking to profiteer out of this war.

Just as surely as day follows night, unless we remedy this situation, break the stranglehold which certain union leaders have on our country and which they are using to throttle, to shut off the lifeblood

from our armed forces, the people will arise in their might and execute politically every man who has condoned this political, unpatriotic, un-American policy.

A far worse fate may await us. Our lack of foresight, our lack of courage, our unwillingness to face the facts and meet the situation may result in the loss of this war, the destruction of our national existence.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back 2½ minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, at first I was rather disturbed about certain provisions in this bill because the Judiciary Committee has undertaken to legislate on matters dealing with the naturalization of persons serving in the armed forces of the United States during the present war. This is a problem which should be, and has been, considered by the proper committee handling legislation dealing with naturalization, namely, the Committee on Immigration and Naturalization. However, I shall support this measure. My committee has reported a similar bill, which was placed on the consent calendar a few weeks ago. When that bill is called on the consent calendar I will ask that it be withdrawn. I will support this committee bill which contains a similar provision.

The provision under title XI, page 17, of the pending bill is a worthy provision. It takes care of persons entering the service of the United States in time of war and it will give them the right, as the right was given in the last war, to become citizens of the United States provided they are otherwise qualified and believe in our form of government. This legislation is needed now because there are thousands of such persons seeking to enter the service of the United States and ready to defend this country with their lives and it is no more than fair that we should recognize those people who desire to become part and parcel of our defense program, and at the same time give them the right to become citizens of the United States without a lot of red tape.

Mr. Chairman, this is a worthy provision and it ought to be enacted into law at the earliest possible moment. The Committee on Naturalization wishes this committee godspeed and will support their bill.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, may I say at the outset that this bill, in my judgment, is an excellent one, and to the distinguished chairman of the subcommittee the Honorable CHARLES F. McLAUGHLIN, of Nebraska, and to the distinguished chairman of the full committee, Hon. HATTON W. SUMNERS of Texas, and to the membership of the Committee on the Judiciary on both sides of the political fence, this House and



the Nation owe a real debt of gratitude for a hard job well done. Every word of this bill has been studied and I believe that a microscopic examination of it will verify and justify the favorable report of the Committee on the Judiciary.

Much to my surprise, the fight has been quite vehement on title IV, but that attack has been so completely repelled by those who have met it already in this debate I feel there is nothing further to be said, especially by a country boy from Alabama who knows nothing whatever about money except that it is awfully hard to get and harder to keep. May I, however, as a humble member of a great committee that has held full hearings on this bill, add that it seems to me we should be happy to have the privilege of voting for title IV, as well as for the other titles of this bill, because it is infinitely more important to preserve this Nation and its credit than it is to preserve the control of the bond market by the big banks and brokers of this country. There are two commissions here involved: One, to get the Treasury's offering into the market, and, the other, to buy it out again. Two commissions under the present status of such affairs, that has existed only since 1935, which amount to "big money," even in these days, because of the huge size of the war issues.

If we revert to the old, time-honored system, by adopting title IV, a purchaser under no compulsion from the Treasury, the Government, or any other influence, may freely and voluntarily deal with the authorized agency of our Government, offering any issue of bonds for sale and buy such bonds as may be desired, directly and without commission. Why not? Why should we force the payment of tribute to the kings of the money market for the artificial privilege of lending our own Government the money needed to win the war? The hearings verify our common sense demand that this be done. Testimony proves that this may be the only way to preserve the credit of this Nation beyond question, in view of the terrifically large offerings that will have to be made.

This title IV is not in the interest of anybody except the people we are supposed to represent. This is not against the interest of the rank and file of the banks. They pay tribute also, and would be freed of this exaction by title IV to a great extent. We have no particular quarrel with the economists. Of course, they favor the system they set up. But, they must give us more reason to maintain this, their playhouse of power and profits, than their unsubstantial professional opinion.

The theme song of the money market is the same as it has been since the days of Andrew Jackson. What we are saying is that in this emergency, and only for the duration of the emergency, there may be some in this country not under the influence of the dominant factors of the world of finance who can help Uncle Sam win this war by stabilizing the bond market through direct, independent, timely buying.

Mr. KEEFE. Will the gentleman yield?

Mr. HOBBS. I will be so happy to yield to the distinguished and able gentleman from Wisconsin.

Mr. KEEFE. The facts demonstrate, I believe, that this very provision was in the Federal Reserve Act up to 1935.

Mr. HOBBS. That is right.

Mr. KEEFE. I have heard no one make a statement on the floor of the House as to what reason was asserted as to why that provision was taken out in 1935. Will the gentleman discuss that?

Mr. HOBBS. I will answer the gentleman's question, and I appreciate his asking it. It was put in, as it has been put in every time that any such encroachment upon the rights of the people has taken place, at the behest and under the influence of the bankers and the brokers who dominate the bond market. I thank the gentleman for the suggestion, and may I point out, also, that up until 1935 it was the law and throughout the whole history of the Federal Reserve System there was never one complaint registered against the way the power was used.

I want to get down to a discussion of the amendment which I feel compelled to offer. May I say, in the first place, that my good friend the gentleman from Iowa [Mr. GWYNNE] is one of the ablest and soundest lawyers in this body. Only occasionally do we catch him off first base. He was inadvertent today when he said that this right of eminent domain is a constitutional right. Of course, he knows better. It is not a right that arises from the Constitution; it antedated the Constitution and is inherent in sovereignty. Being an attribute of sovereignty, there was no need for it to be granted in the Constitution, nor is it so granted. I stand on that statement.

There is in the Constitution a restriction upon that right of sovereignty, to wit, that no private property may be taken for public use without just compensation. That is what we are talking about. We are not here debating whence the power of eminent domain arises. It arises out of and is inherent in the sovereignty of every free government. We not only do not dispute the existence of that right, but we say that right should be exercised in this emergency or in any other emergency when the need of the public demands it, and that it is not only a right but it is a solemn duty to use it, and to do it as expeditiously as possible. Therefore we in the past, and also in this bill, have extended that right so as to couple with it the right of immediate possession whenever the need to take private property for public use is established.

Mr. GRAHAM. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. Most gladly I yield to the gentleman from Pennsylvania.

Mr. GRAHAM. The use of the three words "temporary use thereof" indicates a deviation from the standard approved condemnation, which is for the permanent occupancy and use.

Mr. HOBBS. Possibly so, but I think temporary use has always been included in the power of eminent domain.

Mr. GRAHAM. This contemplates a reversion. What will happen to a man who owns a plant and has built up and established goodwill if, when the time comes to get it back, he has it sold from under him?

Mr. HOBBS. The gentleman poses a question which is not easy to answer from a theoretical standpoint, and I believe that only from a theoretical standpoint will it ever arise. Practically all laws are good or bad as they are administered well or ill. Therefore that question should never arise in practicality if the act be administered wisely, as we hope it will be.

I am coming now to the point I wish to stress. I want to make it clear that we have no quarrel with those who assert the existence of the right of eminent domain. It existed before the Constitution. It existed after the Constitution as limited by the fifth amendment. It still obtains. It must be maintained. We are saying that it has not been administered in accordance with the manifest purpose of the fifth amendment.

"Just compensation" means exactly that. It can never mean less. Inadequate compensation is not "just compensation." For instance, you own a factory, as was the case down at Norfolk, Va. I hold no brief for the management of that plant. I am simply pointing out the most exaggerated case we have before us. There there was a gear cutter. The Government wanted it and sought to purchase it. The management said, "If you take our gear cutter, it will shut down our entire plant. Therefore I will not sell you the gear cutter."

Now the Government under this bill could go into the plant and take the gear cutter and pay for the gear cutter, wholly without reference to any other damages that might proximately flow from the taking. What we are saying is not that the Government ought to buy the whole plant, not that the Government ought to pay any remote or speculative damages, any damages of anticipated profits or what not, but that if the Government takes a gear cutter, which right we say the Government should have, the owner should be paid the damages which proximately result from that taking, as well as the fair market value of the thing in itself.

What do we mean by that? Bear in mind that we say the proximate damages, not the consequential damages but proximate damages, those which inevitably and directly flow from the taking. To be concrete, we say, "If you take this man's gear cutter you ought to pay, in addition to its reasonable market value, what it will cost him in the open market to get such gears cut as he may need in the operation of his business."

The testimony in that case, I believe, was that he did not use this gear cutter more than a few times a year, at a small cost per operation. You would not shut down his plant if you would agree either to cut the gears that he needed or to pay the fair market value of having them cut during the time that you had removed his gear cutter from the plant.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I would be delighted to yield to the distinguished gentleman from Kentucky.

Mr. ROBSION of Kentucky. The gentleman assumes that that man cannot obtain a gear cutter at this time.

Mr. HOBBS. If it were obtainable in the market the Government would have no right to take it. It is the fact that we are in an emergency, at war, that creates the necessity and enables the Government to take it. If it could be gotten in the open market, of course that condition could not be said to obtain, and the Government could get it just as easily or more easily than he could.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am so glad to yield for a question.

Mr. KEEFE. Will the gentleman address himself to the provisions of title II, especially lines 16 and 17? I am not quite sure that I understand the gentleman's position as to exactly what that language means where it states that the Government may acquire by condemnation any real property, the temporary use thereof, or other interest therein.

What is contemplated in the event the Government seeks to condemn the temporary use of real estate or personal property or seeks to condemn some undefined, illusory other interest therein? What is meant by the language of that statute, so that we shall know what we are voting for? I confess to be ignorant on that.

Mr. HOBBS. I think the language is so strong as to make the gentleman's question one that should be answered, but I have not the time in which to do it. I will say this, that as far as that goes, and its scope is almost unlimited, in the face of this national emergency and toward the winning of the war, we are willing for our Government to take any rights that they may need for the prosecution of this war. If under your land there be underlying deposits of tin, the Government ought to have the right to take it. If there be any other mineral rights, any other water rights, or any rights at all that are necessary for the winning of this war, then the Government ought to have the power to take such rights.

Now, then, please let me conclude.

My amendment would require of the Government in the exercise of its right of eminent domain only what the fifth amendment of the Constitution requires, but what in many cases has been ignored. The law is clear. The taking is perfectly proper. But "just compensation" frequently is not paid.

We could not change the Constitution by the passage of the pending bill if we would. We would not if we could. But we can so amend it as to call the attention of those administering this drastic power to the requirement of the Constitution. That is what, and all, my amendment seeks to do.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to proceed out of order for the 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Chairman, I also ask unanimous consent to have my remarks follow the remarks made this morning in connection with the scrap-iron bill which is H. R. 6531.

The CHAIRMAN. Permit the Chair to suggest that the Chair believes that request should be made in the House and not in Committee of the Whole.

Mr. REED of New York. I assumed that that might be true.

Mr. SUMNERS of Texas. Mr. Chairman, I now yield 5 minutes to the gentleman from Ohio [Mr. SWEENEY].

Mr. SWEENEY. Mr. Chairman, for a long time prior to December 7, 1941, this Chamber and the Nation in general was hopelessly divided on questions of international policy and foreign war involvement. Exercising the constitutional right of free speech, various schools of thought honestly expressed sincere convictions, demonstrating to the world our American way of life. Then came the vicious attack by the Empire of Japan upon our sovereign territory at Pearl Harbor. Overnight we became a united people. The people's branch of our National Government, the Congress of the United States, met the challenge of Japan, Germany, and Italy and the puppet governments embraced in the Axis orbit by the declaration of war against them. Every true American wants to see the war fought to a victorious conclusion, so that the governments of, for, and by the people shall not perish from the face of the earth. During these critical days every American worthy of the name will do everything possible to insure national solidarity and national unity. This does not mean that we should refrain from honest criticism concerning the conduct of the war, or cease to keep in mind the welfare of our armed forces, or refrain from exposing those individuals or agencies who would profit excessively by war contracts. Just as the National, State, and local governments should crack down on subversive activities designed to give aid and comfort to our enemies, so should we crack down and expose those agencies which would disturb our national war efforts by an attack along the home front, which can have but one result—division and chaos. I am referring specifically to the efforts of some of our misguided individuals and organizations in attempting once more to lay the foundation for national prohibition. A few days ago the New York Sunday News published the startling news story that one Edward Page Gaston, generalissimo for the World Prohibition Association, was operating an underground campaign for national prohibition from room 153 in the Old House Office Building, on Government property. This organization is made up of the old Anti-Saloon League, the Methodist Board of Temperance, and kindred organiza-

tions. It is described in the newspaper article as a holding company for over 100 anti-liquor outfits. I shall seek leave of the Chairman to append to this speech the newspaper article from which I have just quoted, together with a timely editorial on the subject from the same newspaper.

This modern Wayne B. Wheeler who heads up this outfit, implies that our armed forces at Pearl Harbor on December 7, 1941, were not on the alert because they were under the influence of intoxicating liquor, and capital is being made out of this scurrilous charge to advance the cause of national prohibition. Such a foul aspersion cast upon our living and dead heroes of Pearl Harbor must not go unchallenged. The Roberts Report made careful inquiry into this subject matter of drinking, and reported that in the entire vicinity of Honolulu, on the eve of December 7, 1941, there were only 36 individuals of the Navy and Army forces arrested because of drink, as against 39 civilians arrested for intoxication on the same evening in the same vicinity. Such a charge is unpatriotic and deserves to be exposed as such.

Gentlemen of the Congress, I hope to God you have not forgotten the horrible nightmare of national prohibition. The noble experiment that lasted for 12 long years. Twelve years of terror under crime, lawlessness, and bootlegging of all kinds, the effects of which despite repeal, have not been wholly obliterated. Mr. Speaker, I came to the Congress in 1931, resigning from a judicial post in the city of Cleveland, to fight the evils of national prohibition. I joined forces with my then colleagues, Fiorello LaGuardia, now the mayor of New York City; Congressman John J. O'Connor, of New York, late chairman of the Rules Committee; and a handful of liberal Members who were determined to break the backbone of the national prohibition. In the second session of the Seventy-second Congress we were able to force a test vote, the first one in 12 years on a modification of the Volstead Act, and the repeal of the eighteenth amendment to the Constitution. The result of these votes indicated that the majority of the people of the United States were sick and tired of the lawlessness brought about by national prohibition. I was a delegate to the Democratic National Convention in Chicago in 1932, and helped to nominate Franklin D. Roosevelt for President. His campaign acceptance speech at the convention calling for the outright repeal of the eighteenth amendment and the Democratic platform pronouncement of the same subject, won more votes for Franklin Roosevelt than any other issue in that campaign.

Mr. Chairman, national prohibition was sneaked into law when millions of our soldiers and sailors were fighting in the last World War. Over 2,000,000 of our boys were in Europe at the time the Congress voted prohibition. They have never forgiven the legislators of that day for such cowardice in denying them the right to vote on that issue. Hundreds of liquor and wine distilleries and breweries were put out of business, together



with thousands of wholesalers and retail liquor, wine, and beer dealers, without receiving a cent of compensation for their property or their personal business. The ranks of the unemployed grew in proportion, but worse yet, we gave birth to the gangster, the bootlegger, the murderer and the kidnaping racket, not forgetting the tremendous loss of millions and millions of dollars in taxes suffered by the States and the National Government. Now it appears that a serious attempt to bring back national prohibition under the guise of patriotism is once more at hand. I call upon the Speaker and the committee in charge of buildings on Capitol Hill to investigate the activities of Edward Page Gaston in using the Government services and property to promote his racket of national prohibition. My own independent investigation discloses that he utilized the mimeograph services of the Minority Room 153, Old House Office Building. Let this agitator, who seeks to divide the American people on this issue during wartime, move once more across the Plaza to the Methodist Building, which is not public property and which was the headquarters of the Anti-Saloon League during the 12 years of Hell known as national prohibition. Unless he does, some of us will carry the fight to the Nation. The liquor, wine, and beer industries in the Nation pay in excess of \$1,140,000,000 in taxes to Federal, State, and local governments. They will pay more as the war continues. The wholesale and retail venders of liquor, wine, and beer are patriotic citizens. They don't want to see their life investments and means of livelihood destroyed as they were before. They and the operators of distilleries and breweries, together with their thousands of employees are united in our war effort. I call upon the liberal forces of the United States of America. I call upon the advocates of law and order. I call upon the armed forces of our country, who are now making every effort to win the war, and if necessary the supreme sacrifice, to rally their forces now, before it is too late, to drive back the forces of disorder and deceit, who are getting ready to double-cross our soldiers and sailors and defense workers, under the guise of patriotism. Do not let the advocates of national prohibition pull a Pearl Harbor, like the sneaky Japs. If the liberal forces of the Nation are on the alert, it cannot happen again in this generation.

[From the New York Sunday News of January 11, 1942]

#### DRYS PLAN COUP FOR WARTIME PROHIBITION

WASHINGTON, D. C.—A double-barreled drive, master-minded right from Capitol Hill, to impose prohibition on wartime America, has gained such momentum that its sponsors are confident of success. Using surprise tactics, they expect to present their legislation to Congress early in the new session. They have meanwhile quietly obtained pledges of support from key Senators and Representatives.

Headquarter of the underground campaign is room 153 in the old House Office Building, occupied officially by Marshall W. Pickering, caucus-room minority messenger. Ensnconed in the room now, however, is Edward Page Gaston, founder of the World Prohibition Federation.

Through its consultative committee, this organization functions as the "holding corporation" for such powerful dry lobby groups as the Methodist Board of Temperance and kindred church bodies, the Anti-Saloon League, the Woman's Christian Temperance Union, the American Businessmen's Research Foundation, the National Reform Association, and more than 100 similar agencies.

#### HERE'S PLAN OF ACTION

In Pickering's office Gaston avails himself of a mimeograph machine and the services of three or four girls who mail out his organization's propaganda. The rent of this office, of course, is paid for by American taxpayers. As outlined by Gaston, the drive to make America dry will consist of two steps:

1. Enactment of Senate bill 860, banning the sale of liquor to our soldiers, sailors, and marines.

2. Passage of Joint Senate Resolution No. 21, providing for blanket prohibition.

Gaston's analysis of the necessity for these measures and the chances of their adoption by Congress is as follows:

"Taking first place as a means for national defense is Senate bill 860, introduced by the late Senator, Morris Sheppard, of Texas, to protect our soldiers and sailors from disease and drunkenness. This measure is now sponsored by Senator EDWIN C. JOHNSON, of Colorado.

"At the first favorable opportunity we expect to bring it up for final passage. Reform forces are pressing for an early vote. This Sheppard-Johnson bill is giving the powerful liquor lobby at Washington deep concern, as its probable passage will sweep great areas of the country into dryness under military and naval enforcement. Few legislators dare vote against it.

"Passage of the Sheppard enabling amendment (Joint Senate Resolution No. 21) would bring in national prohibition at once if adopted by a bare majority vote in Congress, where it could be passed over the Presidential veto, if exercised."

Gaston declares the United States "must take warning from France, whose collapse in 1940 was largely due to alcoholism."

[From the New York Sunday News of January 18, 1942]

#### HAPPY NEW YEAR FOR GANGSTERS

As reported by Fred Pasley to this newspaper a few days ago, and as expected by a lot of people for a long time, the drys are trying to stage a comeback on what they hope is a wave of wartime hysteria.

One Edward Page Gaston, brother of the late anticigarette lady, Lucy Page Gaston, is running an undercover drive for wartime prohibition from an inconspicuous little office in Washington. His World Prohibition Association is described as a sort of holding company for more than 100 antiliqur outfits, including the Methodist Board of Temperance, the Anti-Saloon League, and the Woman's Christian Temperance Union—remember?

Gaston hopes Congress will pass two measures he and his cronies have drawn up—Senate bill 860, to forbid the sale of liquor to soldiers, sailors, and marines; and Senate Joint Resolution 21, providing for complete national prohibition.

The first of these two measures, says Gaston, will "protect our soldiers and sailors from disease and drunkenness." The second is "much simpler than the previous eighteenth amendment, and would have a greater prospect of enforcement by the present sweeping change in public sentiment."

He intimates that our armed services in Hawaii at the time of the Pearl Harbor attack were not only not on the alert but were getting over a large collection of hang-overs as well, from the previous Saturday night. Gaston feels that the American people are

highly indignant over the episode, as he describes it, and want prohibition back again.

He isn't ballyhooing the proposition to the allegedly indignant people, however. Rather, Gaston is quietly drumming up pledges of votes from Senators and Congressmen, and the plan apparently is to slip prohibition over on us some day when we aren't looking.

#### BACK TO DRY ERA?

If this plot succeeds, we shall go through the same miseries and break-downs of law and respect for law that we went through before.

Wartime prohibition will not "protect our soldiers and sailors from disease and drunkenness." It will only force them to drink liquor of unknown quality, instead of liquor passed by Government inspectors.

And it will be a step toward making Boy Scouts instead of fighters out of our soldiers and sailors. Liquor goes with war; always did, and for a reason grounded in the human mental and physical make-up. Fighting men need liquor's relaxation, and nothing else will give them that relaxation. The British for generations have had a navy whose fighting qualities nobody has ever questioned—and British sailors get a daily issue of grog out of big barrels captioned in big letters: "The King, God Bless Him."

As for Gaston's hope that prohibition can be enforced better this time on civilians, of course it can't. Most of us learned the technic of beating the prohibition law during the 1919-33 dry era, and practically all of us lost any respect or fear we may once have had for laws which seek to tell citizens what they may and may not put down their own personal throats into their own personal stomachs.

The bootleggers will simply get going again faster than they did before. Rum-running and "hijacking" gangs will quickly organize and start shooting one another's members, kidnaping ditto, corrupting police and public officials, and selling uninspected liquor and needed beer to all comers. Add this strain on our social system to the many strains of the war effort, and it is more than likely that a second go at Federal prohibition will wreck the country entirely.

A renewal of Federal prohibition will do government of all kinds out of a lot of money at a time when government of all kinds badly needs money. Liquor taxes paid to Federal, State, county, and city governments now total about \$1,140,000,000 a year.

Life without liquor may be better than life with liquor. We don't know, not having tried it for years.

We are convinced that the majority of Americans do not want to try it and will not try it \* \* \* that wartime prohibition or any other kind of prohibition will be a mistake for which we shall pay through the nose \* \* \* and that the only people who have cause to be cheerful over this renewed drive for prohibition are people of the stripe of Al Capone and the late Dutch Schultz.

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, I shall address my remarks to title III, page 17, with reference to the provisions to naturalize men who have served in our Army:

Notwithstanding the provisions of sections 303 and 326 of this act, any person not a citizen, regardless of age, who has served or hereafter serves honorably in the military or naval forces of the United States during the present war may be naturalized upon compliance with all of the requirements of the naturalization laws except that (1) no declaration of intention and no certificate of arrival and no period of residence within the United States or any State shall be required.

Then turning over to page 19, section 702, we read:

During the present war, any person entitled to naturalization under section 701 of this act, who while serving honorably in the military or naval forces of the United States is not within the jurisdiction of any court authorized to naturalize aliens, may be naturalized in accordance with all the applicable provisions of section 701 without appearing before a naturalization court.

I shall not read the remaining part of this title, but I call the attention of the committee to the possible wide application of this provision. Its application can be very broad and cover a great deal, much more, I believe, than the Congress intends.

To make sure of my position in the matter, I took it up with certain authorities in the War Department, who confirmed my interpretation of the provision I am discussing.

Suppose we have a division of soldiers in some other part of the world—let us say in France or China. Under the proposed law, a national of either of those countries could enlist in the Army of the United States, join our division, and after serving a certain length of time, if he chose to do so, could virtually automatically become a citizen of the United States. I do not believe the Congress intends to pass an act of this kind. It would upset and destroy our whole body of immigration laws.

Another interesting question could arise here, that of race and color. Let us say that in France there are 100 Frenchmen who enlist in the United States Army, assuming our Army can get into France. They serve a certain length of time and, if they so desire, virtually automatically become citizens of the United States. Over in China a hundred Chinamen enlist in the United States Army, supposing we have forces there, yet though they may, at least in their own way of looking at the matter, serve as well as the Frenchmen, yet under our present laws could not, because of color and race, become citizens of the United States. I do not believe we want any such question as this to arise, especially at the present time. I believe this act should apply only to aliens who are in the United States.

Think of the possibilities of an act of this kind. If my interpretation of it is correct, and I think it is, it would be possible for a division or a regiment of ours in any country where it might be located to take any number of foreign nationals into the United States Army, and thus automatically make them citizens of the United States.

I wish the Committee would give serious consideration to this title, and I hope someone will offer an amendment to correct it. If this is not done by another, I expect to offer an amendment to limit the provision to aliens within the United States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, the granting of permission to the Federal Reserve

System to buy United States securities direct from the Treasury, as provided in the pending bill, has the endorsement of such a conservative newspaper as the New York Times, which recently said editorially:

The second war powers bill, in authorizing the Federal Reserve System to make purchases of Government securities directly from the Treasury, instead of exclusively through the open market, does not break new and untried ground. It would merely restore the old familiar instrument of money-market control which the Reserve System regularly employed in the tight money days of the 1920's, but which was taken away by the Banking Act of 1935.

Now, let us see the purpose of this change. If securities were offered by the United States Treasury in the open market in a time of military defeat a soft market would result and cause other owners of bonds to dump their holdings, thus further depressing the market price of bonds. Such a situation might compel a higher interest rate, and such an increase in interest rate would in turn cause other security holders to dispose of their bonds because they would wish to seek the higher interest rate. This would cause a highly unstabilized market situation. Direct sale to the Federal Reserve banks would avoid all these depressive effects.

Now, after Pearl Harbor the United States Treasury was about to raise money and it faced a market that was naturally not favorable. Now, exactly what was done to meet this situation? In order to remedy the disastrous results the Treasury agreed that the purchasers of these securities at a set price, mutually agreed upon, would be protected in that the Federal Reserve System would immediately purchase those same bonds at a similar price. This indirect method of stabilizing the market was necessary because the Federal Reserve System could not purchase direct from the United States Treasury.

Now, we realize that the change is hurtful to dealers in bonds, because they lose the commissions which would be theirs if the Treasury Department sold its securities only in the open market. This is where the complaint comes against this bill, but the demands of the emergency are paramount and must be satisfied.

This provision is sound and it ought not to be weakened or crippled by amendments limiting the powers granted in this act to the Federal Reserve System.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. THOM. I yield.

Mr. HINSHAW. I do not fully understand the operations of this Federal Reserve System in the matter of purchasing Government bonds. What do they use for money or credit in the purchase of these bonds? Where do they get it?

Mr. THOM. The Federal Reserve System?

Mr. HINSHAW. Yes.

Mr. THOM. Well, the Federal Reserve System has all the time plenty of resources with which to purchase bonds.

Mr. HINSHAW. What are their resources?

Mr. THOM. Their resources, among others, are the reserves deposited with the Federal Reserve banks by various member banks all through the United States, the original capital stock with which they began business, plus gold certificates, plus the power to issue Federal Reserve notes as provided by law.

Mr. HINSHAW. Can the gentleman tell me how much that totals right now? I am curious to know.

Mr. THOM. I am not able to answer that.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania, [Mr. DITTER].

Mr. DITTER. Mr. Chairman, the act before us is captioned "An act to further expedite the prosecution of the war." I know that we must do extraordinary things under the extraordinary circumstances that face us. The emergency is acute. Stern measures must be adopted to meet the emergency. I, for one, would do nothing which might prevent the expeditious prosecution of the war. But I do believe, Mr. Chairman, that somewhere in the line of consideration of the acts that we pass there is a place for deliberate and careful consideration before powers of an extraordinary kind are granted. We have a twofold duty. War powers must be granted, and at the same time every right of the people which can be safeguarded must be preserved. It will be a hollow victory if in the winning of the war we lose the freedoms for which we fight.

I want to address my remarks for a moment to title II. If I am in error I will yield at any time to the members of the Judiciary Committee, whose opinion, of course, on matters of this kind I value.

I take it that the phrase "temporary use thereof" in connection with a condemnation proceeding is unusual. If I understand "condemnation" correctly, "condemnation" contemplates the acquisition of private property for the permanent use thereof. If I am incorrect in that, I yield to my distinguished friend, the chairman of the committee.

Mr. SUMNERS of Texas. Just to make the observation that in most jurisdictions you condemn ordinarily for temporary use. That is to say, you condemn for the right of use as long as you are using it for the purpose for which you condemn; and when you cease to use it, the property reverts to the original owner.

Mr. DITTER. I appreciate that contribution. Now, since the gentleman has offered that observation, I should like to ask him whether in his experience it has not been customary when condemnation proceedings have been resorted to, to anticipate the permanent use of the property that has been condemned? Circumstances may arise when condemnation for certain purposes might contemplate the temporary use of property, as, for instance, the condemnation for a quasi public use. But I submit that when the Federal Government resorts to the taking of private property, it is anticipated that the taking will be for the permanent use of the property.



Mr. SUMNERS of Texas. In most jurisdictions I believe it is the contemplation of the right to use. I do not believe I could state it better than that. If you build a railroad, for instance, you contemplate that the railroad shall remain there permanently, but the gentleman has known of many railroads in recent years that have had their rails taken up and the property has reverted to the original owners.

Mr. DITTER. I come back again to the gentleman. I appreciate his ability to parry a question.

Mr. SUMNERS of Texas. Does the gentleman think that statement is quite fair?

Mr. DITTER. I refer to that fine subtlety for which the gentleman is known throughout the country in handling himself under pressing circumstances. I come back with this question. The gentleman is recognized as a master debater. I intended no unfavorable reflection.

Mr. SUMNERS of Texas. I think the gentleman is trying to put me in a hole.

Mr. DITTER. I am complimenting the gentleman's ability, and I am trying in a very humble way to get something which I believe the gentleman can provide.

Mr. SUMNERS of Texas. I would like to help the gentleman.

Mr. DITTER. Again I repeat my question: Out of the gentleman's experience, does he know of cases where a temporary use was contemplated when condemnation proceedings were resorted to?

Mr. SUMNERS of Texas. The gentleman means, for instance, taking for a year, something like that? I do not.

Mr. DITTER. I am not therefore out of the way when I say that this is a rather extraordinary use of the right of condemnation when we anticipate that the act provides for the temporary use of the property. That is a reasonable statement, is it not?

Mr. SUMNERS of Texas. I believe so.

Mr. DITTER. I believe there is a distinction between condemnations for such purposes as the building of a railroad by private owners and the exercise of the same right for purposes such as we are presently considering. The private company may go out of existence, its franchise may be surrendered.

I believe there is a distinction between condemnations for such purposes as the building of a railroad by private owners and the exercise of the same right for purposes such as we are presently considering. The private company may go out of existence, its franchise may be surrendered, its worth may decline so that it no longer would have an excuse for its existence. We have had many examples of this kind in the transportation field in recent years. But, something entirely different is contemplated here.

This act gives the Federal Government the right to resort to the condemnation of private property with the definite idea in mind that the taking will be only for a temporary time—for such time as the emergency may require. Under this act an automobile plant may be condemned

for the "temporary use thereof." When that condemnation is made there is no intention that the plant is to become a permanent property right of the Government. It is anticipated that at some time the Government need of that plant will come to an end, the extraordinary conditions which required the use of the plant for public purposes will terminate. Instead of making tanks for war, the plant will be available for the manufacture of cars for peace. The public need can then, with safety, give away to private use. All of us hope that that day may be speeded. It is because of that hope that we grant the powers in this act.

What is true of the automobile plant is true of every shop and factory, every privately owned enterprise in the country, every property right for which men have toiled, and which, under our system of Government, they have the right to protect. I submit, Mr. Chairman, that some safeguard should be provided for the owners of private property that when the public need of that property has terminated that it revert to the former owner. The right which has been surrendered temporarily should be as jealously guarded as the claim of the Government is ungrudgingly granted.

I fail to find such safeguard, Mr. Chairman. The act which is now before us provides:

The Secretary of War, the Secretary of the Navy, or any other officer, board, commission, or governmental corporation authorized by the President, \* \* \* may dispose of such property or interest therein by sale, lease, or otherwise, in accordance with section 1 (b) of the act of July 2, 1940 (54 Stat. 712).

The property which may be disposed of is the property condemned for the "temporary use thereof."

A reference to the act of July 2, 1940, proves conclusively that no safeguard is provided for the protection of the anticipated reversion. On the contrary that statute affords an unusual latitude to the Government for the disposition of property taken under condemnation. The only limitation imposed upon the Government for the disposition of such property under the section 1 (b) of the act of July 2, 1940, is that it may be deemed "advisable." What a government official "may deem advisable" is the standard of protection afforded by the act of 1940 to the owners of private property who have relinquished their rights temporarily for the public welfare. Does the emergency require such "plentitude of power"? I am at a loss to see how the expeditious prosecution of the war will be interfered with in any way by assuring to a private property owner the right of recapture after the "temporary use" of his property is no longer necessary for war purposes.

It seems to me, Mr. Chairman, that a problem associated with this temporary use of property is the matter of how the damages are to be measured for such use. What value will be placed on the property after the use period is ended? Mark you, Mr. Chairman, I am not objecting to the temporary use, but I am contending that as powers of an extraordinary character are granted, some regard should be

had for the rights of the private citizen and that every precaution should be taken against possible eventuality which would destroy principles which many of us still prize as fundamental possessions.

We cannot be unmindful of trends in recent years as we consider this problem. Many of us have looked with doubts and misgivings on the overreaching of the Government, on the centralization of power, on the extraordinary exercise of privileges, on the persistency with which the Federal Government has forced itself into ever expanding fields of activity. The expression of Justice Cardozo recurs to me as he described the powers sought under the N. R. A., as "unconfined and vagrant." Powers thus described are dangerous. Ours is the duty to be cautious in the granting of power. Every effort should be made to circumscribe these delegations so that irreparable damage will not be done to the fundamental rights of free men. The war must be prosecuted with every expedition. Nothing can be permitted to stand in the way of the winning of the war. But by the same token nothing should be done which will make of that winning a hollow victory by the surrender of rights which can and should be retained.

Mr. SUMNERS of Texas. Mr. Chairman, may I inquire how the time stands?

The CHAIRMAN. The gentleman from Texas has 17½ minutes remaining, the gentleman from Kansas 15½ minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, the first thing I would like to do is to answer more completely than I think it was the question of my colleague from California about the source of funds for the Federal Reserve banks, and I would like to read to him from a paper written by Mr. Goldenweiser, the Chief Research Director of the Federal Reserve Board, wherein he states:

A Reserve bank derives the funds available for its loans and investments from powers conferred upon it by Congress. The capital it has is prescribed by Congress and constitutes a small part of the funds at its disposal. The other source of funds of the Reserve banks is its power to issue notes and to accept and create deposits.

The truth about the matter is that when the banks purchase Government bonds they purchase them with deposits created for the purpose. But I want to speak to the point of the gentleman from Michigan earlier in the day when he said that if title IV of this bill were enacted we would then be tying our currency to the public debt. My contention is, and I am sure I am correct, that we have already done so to a very great extent indeed, because it is also true that when a commercial bank purchases Government bonds, as they do in considerable amounts, they purchase those bonds with book credits which are also new money created for that purpose.

Thus, again in that case our money is tied to the public debt. I agree heartily that our money should not be tied to or dependent upon evidences of public debt. My own belief is that there is no harm

in title IV as such. It will not increase measurably the danger of inflation, which is always inherent in any system which permits thousands of private banks to claim ownership of the public credit and expand our fractional reserves. I would point out, however, that the sale of defense bonds to individuals who give up purchasing power to buy them is a counter inflationary movement, but that the sale of any kind of bond to any bank, Federal Reserve or otherwise, which creates the money with which to buy the bonds has a tendency to expand the amount of money in circulation. Finally I would like to say in connection with this matter that it seems to me, in view of the fact that the Federal Reserve banks and Board derive their power to buy these bonds from a power given them by the Congress itself, that the banks are banks of issue exercising a power that belongs rightfully to the people's Congress; therefore it is economically indefensible that these banks, privately owned as they are, should collect interest on the bonds they purchase with newly created money or credit on the books. I shall therefore offer an amendment to that title of the bill to provide that such interest as may be paid on bonds bought directly from the Treasury shall be repaid by the Federal Reserve banks to the Treasury annually.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, the gentleman from Iowa referred all too briefly to one of the provisions of this act, which I would like to comment upon in the short time allotted me. It is the portion of title VII entitled "Political Activity," found on page 15. As I read it, the effect of that provision is to include within the provisions of the Hatch Act members of the selective-service and training boards set up all over the country under the selective-service law.

There are 6,500 of those boards, and in addition to the membership on the 6,500 boards, there are appeal agents in the districts and the States heading up to what might be termed "a court of last appeal" here in Washington. I am not sure that the Hatch Act has been construed already as including members of the selective-service boards. I have not heard any announcement about that from anybody. I hope they have not. However, this particular title makes it certain that they will be hereafter subject to the provisions of the Hatch Act.

I may have a misconception of the selective-service law or the fundamentals upon which it is founded. In my view, it presents to the country a great ideal, and in the attempt to reach that ideal the law is careful to decentralize the administration of it back to the communities themselves. The members of these draft boards in each of the draft districts are residents of the district. They are nominated by the Governors of the States to the President, and without exception the President accepts those nominations. The Governors in most instances—they vary, of course—invite the advice of the county judges, of leading

citizens in a community, who in turn invite the most prominent and trusted citizens in those respective communities to serve as members of the local draft board. They respond to that call. They regard it as a duty so to do. Many of them, an overwhelming majority of them, sacrifice a great deal in time and effort in the performance of the duty. They do that without any salary. They have no perquisites and no appointing authority whatsoever. They are merely citizens who occupy a place in this great American effort to create an army and a navy worthy of the Nation. They do it imbued with a purely democratic spirit.

It strikes me that a provision such as this, which decrees that members of local draft boards shall be placed in the same category as political appointees working for salaries, would be an unfortunate thing.

Mr. HANCOCK. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from New York.

Mr. HANCOCK. Does the gentleman think it would be wise to permit candidates for office and local political leaders to sit on draft boards? What would be the effect on public confidence, even though these people are honest? They have tremendous powers over the lives of the boys of this Nation. If candidates for office are to be permitted to pass upon the eligibility of boys for the military service, what would be the effect on the public confidence?

Mr. WADSWORTH. Let us assume that a member of a draft board becomes a candidate for a political office. The law provides that he may be removed on the recommendation of the Governor, and he is removed. Every time one of them is apprehended in anything that is of suspicious character he is removed. I do not like to see the stigma of political appointment and patronage seekers placed on members of these draft boards. It breaks down the whole ideal of the system and the conception of it which our people have.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Chairman, I hope the idea of the distinguished gentleman from New York [Mr. WADSWORTH] will be discussed more fully later on, because I have always been inclined to the same view he has about the inclusion of members of the appeal boards under the Hatch Act. But that is not the point in the bill I want to discuss at this time.

Mr. Chairman, I desire to mention two things in connection with title IV of this bill that have not been brought out very clearly. One protection that is in the Federal Reserve Act that might allay any fears about inflation that some people suppose might result from this amendment is the fact that the present Federal Reserve Act requires that once a week a public statement giving a full and complete financial picture of transactions shall be published, so that there will not be any way for the Treasury Department and the Federal Reserve Committee to connive—which, of course, would never

happen—in order to have a lot of bonds sold secretly to the Federal Reserve banks that the people do not know anything about.

The second point I think a great deal of significance should be attached to is the fact, as brought out by the gentleman from Ohio [Mr. THOM], that we are not only legislating in connection with bonds that will be issued hereafter but we are also legislating as to bonds that the people of the country now own. If bonds of the United States should be forced on the market at a time of distress, such as the days following Pearl Harbor, it would have not only a bad effect on that issue, but upon the entire market, and might cause many people to throw their bonds on the market. Of course, you know what happens when a cycle like that starts.

The third point is that Senator GLASS in 1935 initiated the amendment which put in the open-market provision. Of all of our public officials, Senator GLASS, in my opinion, probably knows more about the Federal Reserve System than any other. The reason that Senator GLASS is now in favor of going back to the provision as it was before 1935 is that he realizes that we must have a stable market and that the 1935 provision might not work so well during a time of crisis. It was changed in 1935 because the Federal Reserve Open Market Committee was created at that time and had the power, either through duress or persuasion, to require the Federal Reserve banks to take Treasury issues. The only reason for the change now is to maintain a stable market and to prevent any fluctuation in price.

The other matter I want to discuss is the so-called Hobbs amendment which would change the method of paying compensation for private property that may be taken. It would change the method that has been followed in this country since the adoption of the Constitution, the Fifth Amendment, which provides that just compensation shall be paid. The Hobbs amendment would allow the payment of something in addition to just compensation.

In the first place, we cannot all expect to come out whole in this war. Anybody who has the idea that we can pass legislation to make everybody even and to keep anybody from having to sacrifice has a terribly mistaken idea about what this war means. So I cannot see how we can vote or seriously consider voting for any amendment which will require our Federal Government during this time of great peril to pay more for property than the private utilities and the States pay in the exercise of eminent domain. They pay and the Federal Government pays under the general definition of just compensation.

Another reason is that the Department of Justice through its land acquisition section, either by negotiation or by condemnation suits, has purchased thousands and thousands of acres of property from thousands of property holders. Many of these people feel that they did not get ample compensation. If we should change the rule now as to the amount of compensation we are going to



allow hereafter, every one of these people who have been settled with or who have been litigated with would feel that they had a just complaint. And they would come here and ask that the law be made retroactive, or they would feel justified in asking for the filing of a claim bill to be paid additional compensation.

The law of compensation based upon just compensation has been built up case by case ever since the adoption of our Constitution. It allows damage for severance, but it does not allow remote or indirect damages. I think the Government and the Department of Justice have been very reasonable in taking into consideration all elements of damage in making settlements with people. They have had to litigate only a very small percentage of their cases, some 2 or 3 percent, so that the matter is being handled very satisfactorily. Of course, there are some people who have just grievances.

I think we would be making a great mistake if we changed the rules of the game in the middle of this war.

The part of the law about requisitioning personal property is intended to apply only where there is some recalcitrant person or corporation who will not negotiate with the Government as to what a reasonable price is. The law as it is written here certainly takes care of that situation.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, the proponents of the bill under consideration urge its enactment into law on the grounds that its various provisions are necessary for the national defense. Assuming that to be the case what I am about to state is absolutely germane to the bill.

A highway running through British Columbia connecting continental United States with the Territory of Alaska is, and always has been a national defense necessity.

One of the many mysteries in national defense preparedness is the endless delay in the consummation of an all land connection between the main body of the United States and its Territory of Alaska.

The first action taken by Congress with respect to this proposed highway, was the passage of an Act in 1930 authorizing the President to have a study made of the subject. A commission was appointed which made a report in 1933. The Canadian National Government at that time made it known that it was not interested. Following that report, Congress passed a law approved August 26, 1935, authorizing the President to negotiate and enter into an agreement with the Government of Canada for the construction of this road. Our State Department had extended conferences with the representatives of the Government of the Dominion of Canada, but absolutely without results. The Government of Canada made it manifest that it was not interested in the construction of the road under any conditions.

On May 31, 1939, Congress passed and the President approved a third act

authorizing the creation of the present Commission, but up to the present time without results. The Canadian Government again disapproved the project.

It took the treacherous assault of the Japanese upon Pearl Harbor to bring this country and the War Department to a full realization of the strategic and military importance of this highway. Up to date it has not been ascertained whether Canada still maintains the same indifference or opposition to this road, which will mean so much to the security of both nations.

President Roosevelt, in a speech at Kingston, Ontario, Canada, on October 18, 1939, stated:

I give to you the assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other empire.

This assurance was given Canada 1 year before it declared war on Germany. Today we are Allies, fighting for a common cause. The security of this country means the security of Canada.

It has long been known that Alaska is the most vulnerable part of our Pacific defense triangle, extending from the Aleutian Islands and Hawaii to the Panama Canal Zone. There should be no delay in building this road, so badly needed as a supply line to supplement the slow and uncertain water route and the inadequate air transport service.

Our military authorities realize now more than ever that Japan's flanking route to the United States via Alaska is 1,400 miles shorter than by Hawaii. It is known, of course, that Japan's Paramushiro base is only 750 miles from the American Aleutians. Should Japan attack Russia and by chance take the Kamandorski Island base, she would be only 260 miles from our Territory. The Bering Strait stepping stones of the Siberian and Alaskan Diomed Islands are less than 3 miles apart, which is proof positive of the necessity of this highway, which some of us from the west coast have been advocating for years.

There are apparently no major engineering barriers to surmount. It is estimated that a gravel road approximately 1,200 miles long and 24 feet wide could be built under pressure in from 12 to 18 months, at a cost of \$50,000,000.

The winding and unwinding of diplomatic red tape in dealing with this vital necessity should cease once and for all. The very recent attack by a Japanese submarine on the mainland of the Pacific coast should remove all objections to this important military highway.

Mr. GUYER. Mr. Chairman, I yield 5½ minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, when this bill was before the Committee on the Judiciary I appeared in the interest of the subject matter concerning which I expect to offer an amendment to this bill tomorrow during its consideration under the 5-minute rule. In the hearings on this bill there was some discussion on the subject.

The amendment which I shall offer proposes to suspend during the period of the war all the various and sundry 8-hour laws and 48-hour-week laws that are now

handicapping every branch of our war effort. I expect some of you would be surprised, and I was very much surprised, to find that in order to cope with this subject it is necessary to suspend the operation of 17 different acts of Congress which from time to time, running back over a period of 20 or 30 years, have undertaken to put a limitation on the time for which a man may be employed. For the information of the House, I have prepared the following analysis of these various and sundry laws:

1. The act of July 2, 1940 (title V, U. S. C., 189a), prescribed 8-hour day or 40-hour week for all laborers and mechanics employed by the War Department engaged in the manufacture or production of military equipment, munitions, or supplies during any national emergency declared by the President; provides that the Secretary of War may, by regulation, prescribe a longer work period by paying not less than time and a half.

2. The act of October 21, 1940 (Public, 873, 76th Cong.), requires payment at the rate of time and a half for all time in excess of 40-hours per week for employees of the field services of the War Department and field services of the Panama Canal, and also to professional employees, blue printers, photostat and rotaprint operators, inspectors, storekeepers, toolkeepers, and shop superintendents.

3. The act of June 3, 1941 (Public, 100, 77th Cong.), provides overtime of one and one-half the regular rate in excess of 40 hours for employees when in the field services of the War Department, Panama Canal, Navy Department, and Coast Guard.

4. The act of March 3, 1931 (title V, U. S. C., sec. 26a), provides half-holidays for all Federal employees except certain field officers.

5. The act of June 30, 1936 (41 U. S. C., secs. 35 and 40; commonly known as Walsh-Healey Act) prescribes that on contracts with the United States exceeding \$10,000 in value, payment of not less than minimum wages as determined by the Secretary of Labor to be the prevailing minimum wage in the locality; and

No person employed by the contractor "shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week."

Section 40 provides that the Secretary of Labor shall make exceptions in specific cases upon a written finding of the contracting agency or department that justice or public interest will be served thereby, excess hours, drawing the overtime rate of not less than one and one-half times; and the president is authorized to suspend, in the public interest, any or all of the provisions of section 35.

6. The act of October 10, 1940 (Public, 831, 76th Cong.), provides "that until otherwise provided by laws provisions of law prohibiting more than 8 hours labor in any 1 day of persons engaged upon work covered by United States Maritime Commission contracts for the construction, alteration or repair of vessels shall be suspended", provides that work in excess of 8 hours a day and 40 hours a week shall be paid at not less than one and one-half times.

This provision terminates June 30, 1942, unless the Congress shall otherwise provide.

7. The act of June 23, 1940 (Public, No. 671, 76th Cong.): This is a general war-power bill and contains the following provisions relative to hours and rates of pay: Section 5a provides that the regular work hours for Navy Department and Coast Guard shall be 8 hours a day, or 40 hours a week during the emergency, provided the head of the Department may prescribe longer hours upon paying compensation of time and one-half. And, further, the President is authorized to suspend for "the War and Navy Departments and

for the Coast Guard and their field services" the provisions of the act of March 31, 1931 (U. S. C., title V, 26a). Section 29a provides that heads of departments shall agree upon uniform hours of work for employees of departments.

And section 5b provides during the national emergency declared by the President the provisions of the law prohibiting more than 8 hours' labor in any one day of persons engaged upon work "covered by Army, Navy, and Coast Guard contracts" shall be suspended.

Section 12 provides "the provisions of all preceding sections of this act shall terminate June 30, 1942, unless the Congress otherwise provides."

8. The Communications Act of 1934, amendment approved March 23, 1941 (Public, 20, 77th Cong.), directs the Commission to fix the rate of extra compensation for overtime services of radio inspectors who are required to be on duty between certain hours but provides that the act shall not be construed to alter the length of a work-day or the overtime pay fixed.

9. The act of March 3, 1917 (48 U. S. C. 737), next to last paragraph in act, providing civil government for Puerto Rico, provides that 8 hours shall constitute a day's work in all cases of employment of laborers and mechanics by the Government on public works except in cases of emergency.

10. The act of March 2, 1941 (Public, 46, 77th Cong.) provides that until June 30, 1942, the Maritime Commission shall apply provisions of Public, 831, Seventy-sixth Congress, relating to compensation for all hours worked by laborers and mechanics in excess of 8 hours a day or 40 hours a week and not less than one and one-half times basic pay.

11. The act of July 1, 1932 (15 U. S. C. 605 b (6)). The Reconstruction Finance Corporation Act provides that under loans made by Reconstruction Finance Corporation that "so far as practicable no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week."

12. Fair Labor Standards Act (wage-hour law, 29 U. S. C. 207, 208) prohibits work in excess of 40 hours a week unless such excess is paid for at time and a half.

13. The act of June 19, 1912 (40 U. S. C. 324) contains a provision that on any contract with the Government involving employment of laborers or mechanics, no laborer or mechanic shall be "required or permitted to work more than 8 hours in any 1 calendar day"; provides a penalty of \$5 for each laborer for each day of violation (the act of June 28, 1940, Public, 671 of the 76th Cong., sec. 5b) suspends provisions of law prohibiting more than 8 hours' labor for persons working on Army, Navy, and Coast Guard contracts, but this suspension expires June 30, 1942.

14. The act of August 1, 1892 (40 U. S. C. 321) provides an 8-hour day for all laborers and mechanics on Government work and makes it unlawful to "require or permit" such persons to work more than 8 hours "except in cases of extraordinary emergency."

15. The act of September 9, 1940 (40 U. S. C. 325a) provides that wages of laborers and mechanics employed on any public works shall be computed on the rate of 8 hours per day and work in excess of 8 hours shall be permitted upon compensation for all excess hours worked at not less than time and a half.

The act of March 4, 1917 (40 U. S. C. 326) authorizes the President, in case of national emergency, to suspend the 8-hour law provided pay is for time and a half for excess hours.

16. The act of March 30, 1931 (40 U. S. C. 276a) (Prevailing Wage Act) directs the Secretary of Labor to determine minimum wages on Government work, which shall be that

"prevailing for the class of laborers and mechanics employed on projects of a character similar to the contract work" in the place in which the work is to be performed.

17. The act of March 4, 1917 (40 U. S. C. 326) provides that laborers and mechanics employed on Government work shall be paid time and a half for hours in excess of 8 hours a day.

The fact is that some of these laws have operated so severely against the defense effort that on two different occasions different agencies of the Government have come to the Congress and obtained suspensions. In one case, the Maritime Commission got an act through that suspended the operation of a law as far as it affected them. In another case we passed a law which suspended the operation of a certain law as far as the Army and Navy were concerned. But in both of those laws it is provided that the suspension shall only last until June 1942. Therefore, at the end of about 3 months, unless Congress acts, our war production is going to be tied up again just the way we were before Congress passed the suspensions.

Of course, these suspensions did not suspend all of the acts that must be suspended in order to cover comprehensively this subject. I hope the House will give this matter very serious consideration tomorrow, and I hope those Members who are interested will read the extension which I am placing in my remarks that gives you a summary of the various and sundry 17 acts of Congress which have got to be suspended if we are going to lift the hand of this deterring legislation off of our war efforts.

I think the House will recall that only on yesterday on the west coast the Bethlehem Steel had a walkout of their men at the end of an 8-hour day. They wanted to put in a 10-hour day, but the union said, "No; you cannot work but 8 hours." So they handicapped the construction of destroyers in that plant, and that strike is going on today.

Of course, everybody, I think, who reads the papers must have felt very badly about the situation which occurred on the west coast on George Washington's birthday when the authorities of the Government called upon the workmen there to ignore that holiday and give us continuous performance throughout Monday on the birthday of the father of our country, and that request was refused. That day of work was lost, because, forsooth, the employers were not able to pay them time and a half or double time as the case may have been for working for the defense of our country on the day of the birth of the father of our country.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I have not the time to yield now, but I shall yield later if I can.

I am sure the House is going to want to give serious consideration to this matter. As I said before, unless you do it, these laws which you have already suspended are going to be placed in effect again on the 30th day of June, by reason of the expiration of limit fixed by the Congress at the time of their suspension.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield now to the gentleman from Massachusetts [Mr. HEALEY] if I have any more time or to the gentleman from Michigan.

Mr. HOFFMAN. Did the gentleman note in today's paper that at Philadelphia union men who wanted to work were deprived of their membership by the union because they refused to strike and that automatically forced the company to discharge them, and they are now seeking to be reinstated?

Mr. SMITH of Virginia. I will say to the gentleman that I have read about so many stoppages and strikes in the papers in the last 2 or 3 days that I cannot keep them all straight.

Mr. HOFFMAN. That was a case where the union men wanted to work and their own union would not let them.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Massachusetts.

Mr. HEALEY. I wonder if the gentleman read, in connection with the holiday on Washington's birthday, about the voluntary and patriotic contribution of the American Federation of Labor wherein they are endeavoring to raise a billion dollars from workers in this country to purchase war bonds and war stamps and—

Mr. SMITH of Virginia. I have your question.

Mr. HEALEY. Let me conclude my question.

Mr. SMITH of Virginia. I do not yield any further because I can answer it from that point.

I will say in reply to the gentleman that you could sell \$100,000,000 worth of bonds, but you will never win this war unless you convert those bonds into tanks and planes and guns and munitions with which to fight the war.

Mr. HOFFMAN. And if the gentleman will yield, an A. F. of L. union is asking for an increase in wages of 15 cents an hour at the same time. An editorial from the February 24 issue of the Somerset American of Somerset, Pa., on that very subject is interesting.

It is as follows:

GREEN

William Green seems to imagine himself long on the "long green" and in harmony with the views of the White House, that appropriations will win the war.

We are speaking of the William Green who is president of the American Federation of Labor.

The same wire which brought a story of Mr. Green's declaration that the American Federation of Labor members would purchase \$1,000,000,000 worth of Defense bonds during the year brought another to the effect that between 55,000 and 60,000 lumbermen, members of the American Federation of Labor in Washington and Oregon intend to strike unless they get 15 cents an hour increase in wages.

Considered as part and parcel of the program of the American Federation of Labor, the two don't make sense.

Only a few months ago this same Mr. Green was promising that the American Federation of Labor unions would not strike during the war. They have struck and threaten more strikes.



If Mr. Green can't make good on his no-strikes promise, what confidence can be placed in his promise that American Federation of Labor members will buy a billion dollars' worth of bonds?

Too much stress has been laid upon the money end of this war; too little upon personal, physical sacrifices.

Two million men are in the Army and Navy. Those boys are making sacrifices. They have sacrificed good jobs, many of them; they have broken home ties; they face death.

The lumber workers of Oregon and Washington are getting a minimum of 75 cents an hour, whether they earn it or not; they want 90 cents. Is Mr. Green going to let them strike to get it?

The Federal Bureau of Investigation announced Sunday that it had arrested 6,000 enemy aliens in the California-Oregon-Washington area, some of them dangerous.

Suppose the Japanese should land in southern California and invade Oregon and Washington while the American Federation of Labor lumber workers are striking. The absence of the produce of their labor might be the fatal factor in the conflict. In that event, of what value would the extra 15 cents an hour be to them? In that event, of what value would a subscription for a billion dollars' worth of bonds be worth?

Defense bonds are of value when the money paid for them purchases the implements necessary to the national defense.

If the workers charged with producing defense goods are on strike, of what value is a billion dollars?

Mr. Green ought to go out to Oregon and Washington and try to harmonize the conduct of his lumbermen's union with his pledges. That's the most important job facing Mr. Green.

If labor unions are to be centers of sedition, they should be disbanded and their leaders incarcerated.

Unless the word of labor leaders can be made to mean a little something they had better quit talking.

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I take this time to make a few more or less disconnected statements to complete the record.

With regard to the inquiry of the gentleman from Pennsylvania [Mr. DITTER], I would like for it to be incorporated in the RECORD that there is now authority granted to the War Department "to acquire temporary use thereof or other interest therein," referring to property "or right pertaining thereto for the sites, locations," and so forth. I would like next to direct to the attention of the committee that on page 17, line 23, which is the part of the bill having to do with the naturalization of persons engaged in the military and naval forces, the committee will offer an amendment to incorporate this language, "who is a resident of the United States or any of its Territories or possessions at the time of his enlistment or induction." Under the language of the bill as reported, that residence is not required.

Perhaps the most important amendment that will be proposed by the committee is to strike out title VIII of the bill. This has to do with the compensation for injuries of voluntary civilian defense workers. I assume that this provision is pretty well understood. It proposes to make available to these hundreds of thousands of voluntary defense workers, air wardens, and people

of that sort doing voluntary, community service, in their respective communities, the benefit of the Federal compensation law, based on a \$100 per month basis. The committee has given very careful consideration to this provision and has arrived at the conclusion that at least for the time being it would be a serious mistake if the Federal Government should put these patriotic citizens in the attitude of having any dependence upon the Federal Government at all. Let their respective communities where they serve take care of everything.

I do not think there is the slightest doubt that we of the communities shall never reach the point where those of us engaged in the attempt to save this democracy can be looking to the Federal Government all the time. We are engaged in war with one group of people whose religion, or whose philosophy is that if they die in the service of the Emperor they have made a mighty good deal. They are not fighting for anything except for the opportunity to die in the service of the Emperor. On the other hand, we are opposing a great group of people who have submerged themselves literally into the structure of the state—everything for the state.

You cannot fight a war against people like that with people who are looking to Uncle Sam to get something out of a busted Treasury, where everything is paid for, for the individual, and the individual is compensated for everything. We need more than armies and material to win this war. We need a great people to win this war, and potentially we have a great people. As I said the other day, I have been taking samples of public attitude and fitness in America for the last 2 years. When I began I knew if our people were the sort of people that we see on the surface—soft, childish, apparently selfish—we could not win; but under the surface, in the people that I have talked to in the last 2 years, I have seen something magnificent. I have seen the people brush aside that unfit personality and stand forth the most magnificent thing I have ever seen on this earth or ever expect to see. I have seen a great, strong, sturdy, determined American people with its wonderful personality come to the surface, with that attitude, that willingness to serve and to sacrifice which we have to have to win.

It is a fine thing, a magnificent example, these private citizens in their respective communities engaged in all these various community activities for their local defense, expecting not one red cent from the Federal Government. That is the reason why we are going to offer that amendment.

We do not know what is coming later on; and if later on some of our communities should come under destructive bombing, if later on it should become necessary, then the Congress can consider the legislation proposed in this section. Do not do it now. These magnificent citizens have not asked it. Their devotion and patriotism is a fine example of what we have got to have if we are to win.

Mr. Chairman, I shall not take any more time, and I assume that we are now ready to begin the reading of the bill.

May I state to the Members of the Committee that we hope to continue until around 5:30 o'clock today, and then if we do that we ought to be able to conclude the bill in a reasonable time tomorrow, say, 3 or 4 o'clock in the afternoon. I ask that the Clerk read.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,*

**TITLE I—EMERGENCY POWERS OF THE INTERSTATE COMMERCE COMMISSION OVER MOTOR CARRIERS**

SEC. 101. Section 204 of the act of August 9, 1935 (49 Stat. 543), otherwise known as the Motor Carrier Act, 1935, as amended, is hereby amended by adding after subsection (d) thereof the following:

"(e) The Commission shall have authority with respect to motor carriers, to be exercised under similar circumstances and procedure, equivalent to the authority it has with respect to other carriers under section 1 (15) of part I, and shall have authority, to the extent necessary to facilitate the prosecution of the war and not in contravention of State laws and regulations with respect to sizes and weights of motor vehicles, to make reasonable directions with respect to equipment, service, and facilities of motor carriers, and to require the joint use of equipment, terminals, warehouses, garages, and other facilities; and motor carriers shall be subject to the same penalties for failure to comply with action taken by the Commission under this paragraph as other carriers for failure to comply with action taken by the Commission under section 1 (15) of part I.

"(f) Notwithstanding any other applicable provision of this act, to the extent that it may be in the public interest, the Commission may modify, change, suspend, or waive any order, certificate, permit, license, rule, or regulation issued under this part."

With the following committee amendments:

Page 1, line 4, in the title after the word "motor", insert the words "and water."

Page 1, line 6, after the word "the", strike out the remainder of the line and all of line 7 and the words "act, 1935", in line 8, and insert "Interstate Commerce Act."

Page 1, line 8, after the word "amended", insert "(U. S. C., 1940 ed., title 49, sec. 304)."

The committee amendments were severally agreed to.

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection?

Mr. SUMNERS of Texas. Mr. Chairman, I will not object to this request, but I shall object to any other requests of that kind.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, yesterday I learned that the Navy Department had discharged from a naval defense construction job a certain George Deatherage. The reason for the removal of this domestic Fascist was that he was considered undesirable. This action of the Navy is most laudable.

I now call the attention of the House to the solicitude with which Mr. Deatherage was treated at the time he appeared before the Dies committee. George Deatherage was the national chairman of the Knights of the White Camelia, and he appeared before the Dies committee on May 23, 1939. His testimony appears in

volume 5 of the record, on page 3455, and we find the following testimony on pages 3472 and 3473.

He was asked the following questions and he gave the following answers. By the way, in pointing out this testimony to you I give you the following background: That when several members of the Communist Party appeared before the Dies committee and refused to answer questions with regard to the membership lists in order to protect their members from persecution, they were haled before this House as being in contempt of the House of Representatives, and indictments on the basis of the resolutions which this House passed are now pending and the defendants are now waiting trial in the United States district court in the city of Washington.

Now, listen to this testimony and let us see what happened to Mr. Deatherage:

Mr. WHITLEY. Is your own organization a membership organization?

Mr. DEATHERAGE. It is.

Mr. WHITLEY. Do you have chapters located in various parts of the country?

Mr. DEATHERAGE. Yes, sir.

Mr. WHITLEY. How many chapters do you have, Mr. Deatherage?

Mr. DEATHERAGE. When I took my oath as commander of this organization there is one thing I promised on the value of my life never to reveal, and that is the number of members we had, the number of posts, and the members; and I am sorry I can't answer; and if that is in contempt of court and I have to go to jail, I am quite content.

Mr. WHITLEY. I am not asking you to identify any members, but as to the number of chapters or the number of members I don't see where that would hurt anyone.

Mr. DEATHERAGE. It may not; but that is my oath, and I am going to stay with it.

Mr. WHITLEY. Was that a voluntary oath?

Mr. DEATHERAGE. That is a compulsory oath.

Mr. WHITLEY. That you never reveal any of that information?

Mr. DEATHERAGE. That is right; and that oath is the same as a Klansman's oath.

Mr. WHITLEY. Does each member of your organization have to take a similar oath?

Mr. DEATHERAGE. He does.

Mr. WHITLEY. And it is 100 percent a secret, sub rosa organization as far as the membership is concerned?

Mr. DEATHERAGE. That is right.

Mr. WHITLEY. You, as its national commander, are the only one who is publicly identified with the organization; is that correct?

Mr. DEATHERAGE. Well, it would be rather difficult to answer that. The Jews have been watching this thing so much that they have got certain fellows identified. But as far as the fellow who comes out and sticks his neck out in the open, that is me.

Mr. WHITLEY. You are the national commander publicly identified as in that position, and with reference to your association with your organization?

Mr. DEATHERAGE. Official goat; yes, sir.

Mr. WHITLEY. You mentioned your organization and Mr. Pelley's as being the two largest—you wouldn't, for the information of the committee, you couldn't possibly even indicate approximately what your membership is; I am not asking you to give the exact figures if that is against the rules?

Mr. DEATHERAGE. It is against my oath; I am sorry I can't answer.

He refused to answer question after question that was addressed to him. This happened on May 23, 1939. This Fascist and unworthy citizen of our

country was treated with the greatest possible solicitude before the Dies committee. Despite his contempt, despite his defiance, despite the fact that others have been brought by Mr. Dies before this House for contempt of this same committee for refusing to answer the same kind of questions, Mr. Deatherage was never haled before this House on a contempt resolution. Not the slightest effort was ever made to punish him.

I submit that, on the basis of this testimony, on the basis of what the Dies committee has done with regard to other witnesses, this solicitude is tantamount to protection. Mr. Deatherage was, therefore, not subjected to an investigation and exposure. He used the committee as a sounding board for his foul preachings, and the Dies committee never sought to have him punished for refusing to reveal the pertinent facts about his organization. Mr. Deatherage thus received protection at the hands of this committee, despite his defiance. The Navy Department has now declared him to be undesirable to hold down a defense job. The Secretary of the Navy is deserving of commendation. The Dies committee is deserving of condemnation in the Deatherage case.

I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 102. Subsection (a) of section 210a of said act is hereby amended by striking out the words "but for not more than an aggregate of 180 days."

With the following committee amendment:

Page 2, line 21, insert "as amended (U. S. C., 1940 ed., title 49, sec. 310a (a))."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 103. Subsection (a) of section 311 of said act is hereby amended by striking out the words "but not for more than an aggregate of 180 days."

With the following committee amendment:

Page 2, line 25, insert "as amended (U. S. C., 1940 ed., title 49, sec. 911 (a))."

The committee amendment was agreed to.

The Clerk read as follows:

Title II—Acquisition of property.

With the following committee amendment:

Page 3, line 3, after the word "Acquisition", insert "and disposition."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 201. The act of July 2, 1917 (40 Stat. 241), entitled "An act to authorize condemnation proceedings of lands for military purposes," as amended, is hereby amended by adding at the end thereof the following section:

"Sec. 2. The Secretary of War, the Secretary of the Navy, or any other officer, board, commission, or governmental corporation

thereto authorized by the President, may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings, to acquire by condemnation, any real property, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that shall be deemed necessary, for military, naval, or other war purposes, such proceedings to be in accordance with the act of August 1, 1888 (25 Stat. 357), and any other applicable Federal statute, and may dispose of such property or interest therein by sale, lease, or otherwise, in accordance with section 1 (b) of the act of July 2, 1940 (54 Stat. 712). Upon or after the filing of the condemnation petition, immediate possession may be taken and the property may be occupied, used, and improved for the purposes of this act, notwithstanding any other law. Property acquired by purchase, donation, or other means of transfer may be occupied, used, and improved, for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

With the following committee amendment:

Page 3, line 11, strike out the word "thereto."

The committee amendment was agreed to.

Page 3, line 20, strike out the word "and" where it appears the first time and insert the word "or."

The committee amendment was agreed to.

Mr. SPRINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPRINGER: On page 3, line 23, after the period, insert: "The amount paid for any property taken shall include fair compensation for losses proximately caused by the taking in addition to the fair value of the property itself."

Mr. SPRINGER. Mr. Chairman, when I spoke on the bill during the general debate I mentioned the fact that such an amendment would be offered to title II of this bill. The amendment which I have offered is fair and equitable, and will aid in reaching an equitable solution in fixing the measure of damages sustained. As was explained at that particular time, during the general debate, title II of this bill enters a new field under the law of eminent domain. It provides for the condemnation of real estate, as is now provided by law, and then it enters into a new field of condemning personal property. It is not limited, alone, to personal property, because it gives the right of condemning the entire title, which has always been observed under the law, and it gives the additional right to condemn "the temporary use thereof" or "any other interest therein." In other words, under the law as we have known it throughout the years, under condemnation proceedings, when we condemn land we took full and complete title to it; but under this proposed law you can take any part of it, or the temporary use of the real estate, or any other interest therein. The same broad provision applies to personal property under title II of this bill.

As I mentioned awhile ago in the general debate on the bill, after the property



is acquired, that is, the full interest, or any other interest therein, then it may be disposed of, or any interest therein which is taken may be disposed of, by sale by the Government. That leaves the owner of the property subject to whatever disposition the Government should desire to make of it. That provision for sale under title II of this proposed law would give the Government the power to dispose of the real estate, or the personal property, or both, or any interest therein which the Government acquired under the condemnation proceedings, and the former owner would have no redress.

The further provision is set forth under section 1 (b) of the act of July 2, 1940 (54 Stat. 712). It provides how that sale shall be made, and I want you to listen to the language of section 1 (b) of the statute. This is the language. I quote:

1 (b). The Secretary of War is further authorized with or without advertising to lease, sell, or otherwise dispose of such plants, buildings, facilities, utilities, appurtenances thereto, and lands under such terms and conditions as he may deem advisable.

In other words, I want to impress upon the membership this: The unfairness of this proposed plan. Let us take a hypothetical case. Suppose we have an owner whose property is taken under condemnation, either the whole interest, or any temporary use thereof, or any other interest therein, under that provision of law. How would that property owner be able to recoup his property at the end, or at the time of sale? We must remember the sale may be made with or without advertising, and in such manner as the head of the department or agency may determine—that is, the manner in which the sale is held. The property would be sold out from under the man who owned it. He would have little or no opportunity to recapture it.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the distinguished gentleman from Kentucky.

Mr. MAY. Might the Government under this statute, if the Government desired to do so, condemn a man's house and lot, including his household goods and everything within it, take them over and use them, if they wanted to?

Mr. SPRINGER. There is no question in the world but what that could be done. That is precisely the power which is granted to the Government under this proposed legislation.

Mr. MAY. Or take it for the purpose of making a storage dump out of it, if they wanted to?

Mr. SPRINGER. That is entirely correct under the broad provisions and terms of this proposed law. Under the amendment which I have offered—which I hope will be adopted by the committee—the measure of damages which the owner sustains by reason of the condemnation will be computed by making an assessment of the value of the whole and entire property before the taking occurs, both real estate and personal property, and by fixing the value of the residue or remainder of the property, which the Government fails to take, and the difference in such values would constitute the measure of damages.

Mr. Chairman, we are at war. We have a stupendous task ahead. We will meet it, and we will win this war. But as we look forward throughout the future years we must not pass legislation which will assume to take the property of the people of this Nation without just compensation therefor. The amendment which I have proposed will aid in the determination of that highly important question—the just compensation for the property taken in such condemnation proceedings.

I hope the committee will see fit to adopt the amendment which I have offered.

[Here the gavel fell.]

Mr. HOBBS. Mr. Chairman, I offer a substitute for the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. Hobbs as a substitute for the Springer amendment: On page 3, line 23, after the period, insert "The amount paid for any property so taken shall include fair compensation for losses proximately caused by the taking in addition to the amount which would otherwise have been payable."

Mr. HOBBS. Mr. Chairman, I am going to let the Supreme Court make this argument for me. *The United States v. Russell* (13 Wall. 629):

A taking of private property by Government when emergency of public service in time of war or impending public danger is too urgent to admit of delay is everywhere regarded as justified if the necessity for the use of the property is imperative and immediate and the danger impending; and it is equally clear that the taking of such property under such circumstances creates an obligation on the part of the Government to reimburse the owner to the full value of the service. Private rights under such extreme and imperative circumstances must give way for the time to public good, but the Government must make full restitution for the sacrifice.

From *Jacobs v. U. S.* (290 Ala.), pages 16 and 17, I quote:

The circuit court of appeals, distinguishing the present suits from condemnation proceedings instituted by the Government, held that the suits were founded upon an implied contract and, hence, that interest could not be allowed, citing *United States v. North American Co.* (253 U. S. 330).

This ruling cannot be sustained. The suits were based on the right to recover just compensation for property taken by the United States for public use in the exercise of its power of eminent domain. That right was guaranteed by the Constitution. The fact that condemnation proceedings were not instituted and that the right was asserted in suits by the owners did not change the essential nature of the claim. It rested upon the fifth amendment. Statutory recognition was not necessary. Such a promise was implied because of the duty to pay imposed by the amendment. The suits were thus founded upon the Constitution of the United States (28 U. S. C. 41 (20)).

The amount recoverable was just compensation, not inadequate compensation. The concept of just compensation is comprehensive and includes all elements, "and no specific command to include interest is necessary when interest or its equivalent is a part of such compensation." The owner is not limited to the value of the property at the time of the taking; he is entitled to such addition as will produce the full equivalent of that value paid contemporaneously with the taking. Interest at a proper rate "is a good

measure by which to ascertain the amount so to be added." (*Seaboard Air Line R. Co. v. United States*, 261 U. S. 229, 306).

Yet, in spite of the Constitution and in defiance of this decision, owners of private property taken for public use are generally denied any interest or its equivalent, no matter if payment be delayed for a year or more after the taking.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. As soon as I have finished this statement but not before, and I will bear that in mind and come back to the gentleman, whose requests are always granted with pleasure.

Resuming—interest or its equivalent is the first right being denied by reason of erroneous administration.

The second is rents. Rents are indivisible for farm lands, and unless the tenant occupies the land for the crop period and until he has a chance to gather his crops, the landlord cannot collect one dime of rent, but the tenant if dispossessed can recover for the estimated value of the growing crops. The landlord loses both rents and his part of the crops if the Government takes the farm and dispossesses a tenant and the landlord before a crop season is over.

Next is taxes. Suppose the Government says it wants possession of your land on September 1 and State taxes are due and payable in October. You give possession September 1. Does the Government pay the taxes after October 1? Not at all, unless the deal is closed and the title has become vested. This may not happen for months, or even longer.

Then there is the matter of seed and fertilizer. The money you paid for the laborers and for the mules to plant the crops, you cannot get a dime of that back. That is what they call speculative damages. Yet they speculate on the value of a growing crop to the tenants but not to the landlord. The landlord loses his rent, which may be his only income from land, provided the property is taken in possession by the Government before the crop period is over.

This amendment does nothing in the world more than to require what is right between a man and his government. Just compensation is the sole measure. We are not seeking to add remote, speculative, or any other kind of damages. All we are asking is that the constitutional requirement of the payment of just compensation be observed and complied with.

[Here the gavel fell.]

Mr. HOBBS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute in order to yield to the gentleman from Tennessee [Mr. KEFAUVER].

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. HOBBS]?

There was no objection.

Mr. KEFAUVER. I thank the gentleman. I want to ask the gentleman if as a practical matter the Government does not pay the owner of the property or pay into court its appraisal of the value of the property with the taking, then the balance, if there is any balance, is litigated, if the owner is not satisfied? Is not that the practical way it works out?

Mr. HOBBS. I do not think that is either the practice or the theory. Certainly it is not the provision of this act. My experience in over 700 cases is that nothing like that is done.

Mr. KEFAUVER. I am sure the gentleman will agree that an appraisal price is paid into court, which the owner can withdraw without prejudice in his suit against the Government, if he is not satisfied. Will the gentleman agree to that?

Mr. HOBBS. I do not agree with that statement. That is not my understanding of the method pursued. I think a token deposit is all that is paid in many cases. I know of one instance where a very small amount of money was paid in a matter involving a very, very large amount of undisputed value.

Mr. KEFAUVER. If it is proven to the satisfaction of the gentleman that that is true, would the gentleman then be satisfied that his amendment has no place in the bill?

Mr. HOBBS. No, sir. If the law and the practice be what you think it is, what harm can my amendment possibly do? If the Government agents are already doing what my amendment would require, it would not affect them in the slightest degree.

But if, as I most earnestly insist, the plain mandate of the Constitution is being ignored and citizens penalized thereby, my amendment would stop at least some of it, and should be adopted.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I rise in opposition to the amendments offered by the gentleman from Indiana [Mr. SPRINGER] and the gentleman from Alabama [Mr. HOBBS].

Mr. Chairman, I am sure we all agree with the general objectives of the gentlemen. I commend them for their zeal and effort to protect the people whom they represent, but I am confident the amendments they offer are not necessary.

In my opinion, the first authority cited by the gentleman from Alabama is the best authority in support of this bill as drawn, because the authority which the gentleman cited, and I do not have it before me now, laid down the proposition which is recognized in the courts that damage for the taking of property by the Federal Government is that damage recognized by the Constitution as just compensation. Therefore, regardless of any statutory enactment, a person whose property is taken by the Federal Government is entitled to just compensation.

Let me read from a decision of the Supreme Court in the case of *Seaboard Air Line Ry. v. U. S.* (261 U. S. 299) at page 306. This was a case in which the question at issue was the amount of compensation to which the property owner was entitled.

The decision states:

It is obvious that the owner's right to just compensation cannot be made to depend upon State statutory provisions.

The Constitution safeguards the right and section 10 of the Lever Act directs payment. The rule above referred to, that in the absence of agreement to pay or statute allowing it, the United States will not be held liable for interest on unpaid accounts and claims, does not apply here. The requirement that

just compensation shall be paid is comprehensive and includes all elements, and no specific command to include interest is necessary when interest or its equivalent is a part of such compensation.

And I call particular attention to this additional excerpt from the opinion:

Where the United States condemns and takes possession of land before ascertaining or paying compensation, the owner is not limited to the value of the property at the time of the taking; he is entitled to such addition as will produce the full equivalent of that value paid contemporaneously with the taking.

Mr. Chairman, we are now passing upon a war-powers bill. This bill comes before the House because we are at war. It provides the rights and remedies which will be granted to those citizens who are affected by the impact of the war. The rule with respect to the damages to which a person is entitled whose property is taken by the Government through condemnation is well known and well established. It is the existing law and it will be applied, regardless of statute; it will be applied under the constitutional provisions protecting citizens in that circumstance.

The suggestion is made by the distinguished gentleman from Alabama, for whom I entertain the highest regard personally as a legislator and as a lawyer, that the rule be changed or that an attempt be made to change the rule. In what respect?

By amending this bill to provide that the amount paid for any property taken shall include fair compensation for losses proximately caused by the taking in addition to the amount which would otherwise have been payable.

Something in addition to what would be payable under the existing law is being asked for by the gentleman from Alabama at a time when this country is at war. The gentleman from Alabama, in his great zeal to protect those whom he so ably represents, comes before this House and asks that the United States Government in the time of its extremity be required to pay more for the taking of property than it is normally required to pay under ordinary circumstances. He asks that greater damages be allowed under the circumstances that exist at this time than those allowed under the circumstances that have existed throughout the time covered by the period in which the United States Government has been taking private property.

The effect of this amendment would be to so muddy the situation that it would create untold lawsuits and untold claims, which could not be settled except with tremendous difficulty, if ever, by the United States Government. I sincerely trust the amendment will be defeated.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I share the views of the gentleman from Nebraska who just addressed you with reference to our distinguished colleague the gentleman from Alabama [Mr. HOBBS]. We all have the greatest respect for him. However, I and the previous speaker must respectfully

disagree with him as to his amendment.

As I understand, his amendment provides that the amount paid for any property so taken shall include not only fair compensation for the property itself but also damages "proximately caused" by the taking.

The words "proximately caused" are highly indefinite. They are too vague to permit of proper administration. The courts would be hard put to it to understand and determine damages "proximately caused." That would be an entirely new idea of damages. It would open a brand new line of attack for enterprising lawyers. If we were to allow these words to remain in the statute as per the amendment of the gentleman from Alabama we would open wide the doors to allowing all manner and kind of damages to be assessed against the Government. Damages would be without let or hindrance so long as they be "proximate," whatever that means. There would be interminable litigation before "proximate" could be defined.

Let me give you one or two concrete cases. A gentleman up in my district manufactures lipstick, let us say. In the manufacture of the cosmetic containers he uses copper and brass. He may have a quantity of copper and brass that the Government covets and must have for the war effort. If this copper and brass were taken from him, under the amendment offered by the gentleman from Alabama that man would finally be compensated not only for the actual value of the copper and the brass, the enhanced value, which would be perfectly proper, but also for the value of the lipstick containers that would in the future have been manufactured from that copper and brass. There would be "proximately" caused to him a damage because he could not sell the lipstick material that goes into the containers. He would be able to get compensation for his loss of goodwill. What would be the value of that goodwill? There is no court of record that has any definite standard by which we could gauge that man's damage to his goodwill. It would be an entirely new note in damages.

I have in mind another individual in New York City who has a cutlery plant. The Government may take away the stainless steel or chrome that he uses in the manufacture of knives, forks, and spoons. The handles of those knives, forks, and spoons are often made of plastic material. Under the suggested amendment he could say, "If you take this steel away from me you must give me the value of the steel. You must also give me the value of all my plastics, because I might not have any use for them. Therefore I will be damaged to a greater degree. In addition, you are ruining my business, and you must give me the value of my losses, the value of my plant as a going concern, and the value of my goodwill." It would be highly difficult to plumb the depths of the value of that goodwill, the amount of all the "proximate" business losses.

Take the case of a man who has an automobile establishment. The Government may want the rubber in the tires



on his cars. The man would say, "You are ruining my cars. You must give me the value of the automobiles. In addition, you are ruining my business and must give me the value of my goodwill that is destroyed. Furthermore I cannot go on with my lease. If I could go on I would make \$50,000 a year. My lease has 10 more years to run. Thus I am damaged in addition to my cars, my goodwill, 10 times \$50,000 or \$500,000."

That opens the door mighty wide, and that man could mulct the Government out of thousands and thousands of dollars, whereas the man in the trenches, possibly making the supreme sacrifice, would be getting \$21 a month. Businessmen must also make some degree of sacrifice. They should not ask for the pound of flesh, and that is what would happen under this amendment. Business would get its pound of flesh out of the Government.

I do hope we pause long before we give such tremendous damages as would be involved in the use of the words "proximately caused by the taking."

[Here the gavel fell.]

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Alabama [Mr. HOBBS].

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Indiana [Mr. SPRINGER].

The amendment was rejected.

The Clerk read as follows:

#### TITLE III—PRIORITIES POWERS

SEC. 301. Subsection (a) of section (2) of the act of June 28, 1940 (54 Stat. 676), entitled "An act to expedite national defense, and for other purposes," as amended by the act of May 31, 1941 (55 Stat. 236), is amended as follows:

(a) In paragraph (1) of said subsection (a), strike out the words "this section" and the words "this subsection" wherever they appear, and substitute the words "this paragraph."

(b) Strike out paragraph (2) of said subsection and substitute a new paragraph (2) and add paragraphs (3) to (8), as follows:

"(2) Deliveries of material to which priority may be assigned pursuant to paragraph (1) shall include, in addition to deliveries of material under contracts or orders of the Army or Navy, deliveries of material under—

"(A) Contracts or orders for the government of any country whose defense the President deems vital to the defense of the United States under the terms of the act of March 11, 1941, entitled 'An act to promote the defense of the United States';

"(B) Contracts or orders which the President shall deem necessary or appropriate to promote the defense of the United States;

"(C) Subcontracts or suborders which the President shall deem necessary or appropriate to the fulfillment of any contract or order as specified in this subsection.

Deliveries under any contract or order specified in this subsection may be assigned priority over deliveries under any other contract or order; and the President may require acceptance of and performance under such contracts or orders in preference to other contracts or orders for the purpose of assuring such priority. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material or of any facilities for defense or for private account or for export, the Presi-

dent may allocate such material or facilities in such manner, upon such conditions and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense.

"(3) The President shall be entitled to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, any person (which, for the purpose of this subsection, shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not), and make such investigations, as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this subsection.

"(4) For the purpose of obtaining any information, verifying any report required, or making any investigation pursuant to paragraph (3), the provisions of sections 9 and 10 of the act of September 26, 1914 (38 Stat. 722), are hereby made applicable to the jurisdiction, powers, and duties of the President.

"(5) Any person who willfully performs any act prohibited, or willfully fails to perform any act required by, any provision of this subsection or any rule, regulation, or order hereunder, whether heretofore or hereafter issued, shall be guilty of a misdemeanor, and shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than 1 year, or both.

"(6) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States and the courts of the Philippine Islands shall have jurisdiction of violations of this subsection or any rule, regulation, or order or subpoena hereunder, whether heretofore or hereafter issued, and of all civil actions under this subsection to enforce any liability or duty created by, or to enjoin any violation of, this subsection or any rule, regulation, order, or subpoena hereunder whether heretofore or hereafter issued. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; and subpoena for witnesses who are required to attend a court in any district in any such case may run into any other district. No costs shall be assessed against the United States in any proceeding under this subsection.

"(7) No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from his compliance with this subsection or any rule, regulation, or order issued hereunder, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid.

"(8) The President may exercise any power, authority, or discretion conferred on him by this subsection, through such department, agency, or officer of the Government as he may direct and in conformity with any rules or regulations which he may prescribe."

With the following committee amendments:

Page 4, strike out lines 8 down through and including line 19 and insert in lieu thereof the following:

"Sec. 301. Subsection (a) of section 2 of the act of June 28, 1940 (54 Stat. 676), entitled "An act to expedite national defense,

and for other purposes," as amended by the act of May 31, 1941 (Public Law No. 89, 77th Cong.), is hereby amended to read as follows:

"Sec. 2. (a) (1) That whenever deemed by the President of the United States to be in the best interests of the national defense during the national emergency declared by the President on September 8, 1939, to exist, the Secretary of the Navy is hereby authorized to negotiate contracts for the acquisition, construction, repair, or alteration of complete naval vessels or aircraft, or any portion thereof, including plans, spare parts, and equipment therefor that have been or may be authorized, and also for machine tools and other similar equipment, with or without advertising or competitive bidding upon determination that the price is fair and reasonable, and deliveries of material under all orders placed pursuant to the authority of this paragraph and all other naval contracts or orders and all Army contracts and orders shall, in the discretion of the President, take priority over all deliveries for private account or for export: *Provided*, That the Secretary of the Navy shall report every 3 months to the Congress the contracts entered into under the authority of this paragraph: *Provided further*, That contracts negotiated pursuant to the provisions of this paragraph shall not be deemed to be contracts for the purchase of such materials, supplies, articles, or equipment as may usually be bought in the open market within the meaning of section 9 of the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes," approved June 30, 1936 (49 Stat. 2036; U. S. C., Supp. V, title 41, secs. 35-45): *Provided further*, That nothing herein contained shall relieve a bidder or contractor of the obligation to furnish the bonds under the requirements of the act of August 24, 1935 (49 Stat. 793; 40 U. S. C. 270 (a) to (d)): *Provided further*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used under the authority granted by this paragraph to negotiate contracts; but this proviso shall not be construed to prohibit the use of the cost-plus-a-fixed-fee form of contract when such use is deemed necessary by the Secretary of the Navy: *And provided further*, That the fixed fee to be paid the contractors as a result of any contract entered into under the authority of this paragraph, or any War Department contract entered into in the form of cost plus a fixed fee, shall not exceed 7 percent of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of the Navy or the Secretary of War, as the case may be)."

Paragraph (C)—Page 7, in line 9 before the period, and in line 11 after the word "subsection", insert "(a)".

Paragraph (C)—Page 8, in lines 3 and 9, after the word "subsection", insert "(a)".

The committee amendments were agreed to.

The Clerk read as follows:

Page 8, strike out paragraph (4), lines 9 through 14, inclusive, and insert in lieu thereof the following:

"(4) For the purpose of obtaining any information, verifying any report required, or making any investigation pursuant to paragraph (3), the President may administer oaths and affirmations, and may require by subpoena or otherwise the attendance and testimony of witnesses and the production of any books or records or any other documentary or physical evidence which may be relevant to the inquiry. Such attendance and testimony of witnesses and the production of such books, records, or other documentary or physical evidence may be required at any designated place from any State, Territory, or other place subject to the jurisdiction of the United States: *Provided*,

That the production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person resides or transacts business, if, prior to the return date specified in the subpoena issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. No person shall be excused from attending and testifying or from producing any books, records, or other documentary or physical evidence in obedience to any such subpoena, or in any action or proceeding which may be instituted under this subsection (a), on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be subject to prosecution and punishment or to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that any such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. The President shall not publish or disclose any information obtained under this paragraph which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless the President determines that the withholding thereof is contrary to the interest of the national defense and security; and anyone violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding 2 years, or both."

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 9, line 6, after "copy of", insert "extracts of all material portions of."

Mr. SMITH of Virginia. Mr. Chairman, it occurs to me that in this provision under which an agency of the Government may require a company to produce its books at a distant point, the committee is undertaking to alleviate the situation by providing that instead of producing the books, the party could produce copies of the books. My amendment, instead of requiring them to produce copies of all their books and records, as the agency might require them to do, will merely require them to produce such material extracts as may be necessary for that purpose.

I do not think this injures your bill at all and it would be a matter of convenience to parties who have to deal with an agency, because, under the bill as written, such agency could require any corporation whose books it wanted to examine either to bring all of their books, which might be truckloads or trainloads, to a distant point, or to bring full copies of all their books. All I want to do in this amendment is to let them bring copies of the material and necessary extracts which will give the Government all of the information needed.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MAY. Under the provisions of the bill as written, a company that had a large amount of records might be required to expend hundreds of dollars copying such records if they were required.

Mr. SMITH of Virginia. Yes.

Mr. MAY. And the gentleman's amendment would relieve them of that by furnishing the necessary extracts from the books.

Mr. SMITH of Virginia. Yes.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman.

Mr. KOPPLEMANN. Do I understand that under this bill it is discretionary with the court to decide whether it wants all of the records or a part of the records?

Mr. SMITH of Virginia. It is not a question of the court getting the records but the agency getting them.

Mr. KOPPLEMANN. But is it not discretionary with the President to say whether he wants all of them or part of them?

Mr. SMITH of Virginia. No; it is discretionary with the agency down there, looking at your books. I can give you, for example, a concrete illustration.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield in order to get us going straight?

Mr. SMITH of Virginia. Yes.

Mr. SUMNERS of Texas. Whatever is furnished would be a copy of whatever is subpoenaed.

Mr. SMITH of Virginia. Yes.

Mr. SUMNERS of Texas. And if the subpoena is for a part of the records, then the copy would be that, and how could you arrange it so that the subpoena would be for one thing and the compliance would be for something different?

Mr. SMITH of Virginia. I would say that your subpoena would be for such material parts of the record as the agency wanted, just as you would proceed under a subpoena duces tecum.

Mr. SUMNERS of Texas. Is it the gentleman's notion that you would furnish something different from that required by the subpoena duces tecum?

Mr. SMITH of Virginia. No; for instance, suppose you wanted an extract of all of company A's accounts with company B. You would just ask for copies of all of company A's entries on its books of account with company B. But under the bill as you have it now the agency could ask you to bring all of your books or make copies of all of your books with all of your customers from A to Z.

Mr. SUMNERS of Texas. Will the gentleman yield further so I can get it straight in my own mind?

Mr. SMITH of Virginia. Yes.

Mr. SUMNERS of Texas. Is it the gentleman's intention to limit the scope of the subpoena?

Mr. SMITH of Virginia. No; I would not say that. It is to limit the scope of the compliance.

Mr. SUMNERS of Texas. Let us get that straight, because I know the gentle-

man wants to help us and so do we want to help. If the compliance required covers the whole scope of the subpoena, would the gentleman have any complaint about that arrangement?

Mr. SMITH of Virginia. I do not get that.

Mr. SUMNERS of Texas. If the copy required is a copy of that which is subpoenaed, would that be satisfactory?

Mr. SMITH of Virginia. No; because they might subpoena all of the company's books and records under this language. Suppose they subpoenaed all of the books when they did not need them.

Mr. SUMNERS of Texas. Suppose they did subpoena them.

Mr. SMITH of Virginia. I do not want them to be permitted to subpoena all the books. I want them to be permitted to bring only such parts as are material.

Mr. SUMNERS of Texas. Who is going to determine what is material in the event of their presentation in court?

Mr. SMITH of Virginia. I think if you put this in there, whatever agency is calling for these books is going to determine in advance what extracts it wants and ask for them.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SMITH of Virginia. Will the gentleman let me illustrate what makes me offer this amendment? It is an incident that occurred in my own experience. A certain corporation was called on by a Government agency to give it information about one of its customers. The corporation doubted whether it could properly do that without going into court and getting a court order. This particular agency did not argue it at all. It issued a subpoena against this corporation. It said, under the law bring all of the records of your institution to a certain distant point or a certain day. That actually happened. If compliance had been had, that institution must have closed its doors, taken all its books and papers, and moved them by a number of trucks to a distant point. We did manage to straighten it out and gave the agency what it wanted without having to close the shop and take the books to some other part of the country. That is all that I am seeking to stop here. I think this amendment does it.

Mr. SUMNERS of Texas. Mr. Chairman, I ask for recognition in opposition to the amendment. I have sympathy with what the gentleman has in mind. The amendment is offered to the proviso. The proviso refers to the copy of the document subpoenaed. That is all. That is all that is provided for with reference to the copy. Let us get that straight. He is a businessman, and he has some books that are subpoenaed. He does not want to bring the books into court. This bill gives him the choice of bringing that which has been subpoenaed or bringing a copy of that which has been subpoenaed. What I cannot understand is how you



can limit as to the copy of that which would have been required if the original had been brought.

Mr. McCORMACK. If you make an extract of it that is in a sense a copy.

Mr. SUMNERS of Texas. The point I make is that you have to provide a copy of that which is subpoenaed, and if there is any limitation to be imposed in this bill, it ought to be with reference to that which you may subpoena. This particular proviso is for the convenience of the businessman.

Mr. McCORMACK. And furthermore, this is the regular stock form of language more or less that is carried in all of the bills with reference to a power that we delegate.

Mr. SUMNERS of Texas. Mr. Chairman, yes; and the point I am trying to make out of the amendment is that it is a limitation on the copy. If there should be any limitation proposed, it ought to be as to the books.

Mr. McCORMACK. I agree, and there is an additional reason—

Mr. SUMNERS of Texas. Oh, I have stated a reason that is a good one, and when you get a good reason there is no need of running off after another one.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman a question. A hasty reading of this committee amendment leads me to believe that only the President may subpoena this record.

Mr. SUMNERS of Texas. As a matter of fact, the President does not do it, but he delegates the power to somebody else to do it.

Mr. WADSWORTH. Is that implied?

Mr. SUMNERS of Texas. It is specified.

Mr. WADSWORTH. Mr. Chairman, I withdraw my pro forma amendment.

The CHAIRMAN. The Clerk will report the remaining committee amendments.

The Clerk read as follows:

Page 10, line 14, after the word "subsection", insert the article "(a)".

The committee amendment was agreed to.

The Clerk read as follows:

Page 10, line 15, strike out the word "hereunder" and insert the word "thereunder."

Page 10, line 23, after the word "subsection", insert the article "(a)".

Page 10, line 24, strike out the word "hereunder" and insert the word "thereunder."

Line 25, after the word "subsection", insert the article "(a)".

The foregoing committee amendments were severally agreed to.

Mr. HINSHAW. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HINSHAW. After the Clerk has finished the reading of the committee amendments to the several paragraphs, is it true that the paragraph is agreed to as read, or are the paragraphs subject to further amendment after being first amended by the committee?

The CHAIRMAN. Paragraphs not sought to be amended by committee amendments, of course, are open to any other amendment that may be offered that may be germane. Of course, the committee amendment is subject to amendment.

Mr. HINSHAW. For example, after passing section 5 on page 10, is that section subject to amendment after it has been read?

The CHAIRMAN. Yes; that is true. However, the whole section is read. The gentleman has invited attention to a paragraph of a section. The whole section is read and then any part of that section is subject to amendment.

The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 11, line 1, after the word "subsection", insert "(a)".

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, line 2, strike out the word "hereunder", and insert "thereunder."

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, line 14, after the word "subsection", insert "(a)".

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, line 17, after the word "from", strike out the word "his."

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, line 18, after the word "subsection", insert "(a)", and at the end of the line strike out the word "hereunder" and insert "thereunder."

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, line 23, after the word "subsection", insert "(a)".

The committee amendment was agreed to.

The CHAIRMAN. That disposes of the committee amendments to that section.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word for the purpose of obtaining the floor to ask a question of the very eminent and distinguished lawyers on the committee handling this bill.

On page 10, lines 12 to 18, is a penalty provision which would impose a fine of \$10,000 and imprisonment for not more than 1 year upon any person who willfully performs any act prohibited, or willfully fails to perform any act required by any provision of this subsection, and then there is the following language, "or any rule, regulation, or order hereunder."

I would like to ask one of the members of the committee whether the publication of a rule or regulation in a Government publication, such as the Federal Register, is such legal notice to persons in this country that failure to adhere to those rules and regulations so published

constitutes a willful violation, even in the event they did not happen to read them. Perhaps the chairman of the committee, the gentleman from Texas [Mr. SUMNERS], can answer that question.

Mr. McLAUGHLIN. The same rule applies to this as to all administrative rules and regulations. I do not think there is anything new in this.

Mr. HINSHAW. But can the gentleman answer me? Is it a willful violation of the rule, when that rule has been published some place by some department or agency or administrative officer of the Government, yet it is not known that it has been published, by the person who violates it?

Mr. McLAUGHLIN. I should say that a person charged with such violation could raise that as a defense if he saw fit to do so.

Mr. HINSHAW. Does the gentleman think that would be a good defense in court?

Mr. HANCOCK. That is a question for the jury to decide after hearing the evidence. Each case will stand on its own facts and circumstances.

Mr. McLAUGHLIN. That is what I intended to imply.

Mr. HINSHAW. After this rule has been published in the Federal Register or on some bulletin board, is that sufficient notice to a person who might violate it, without knowing of its being published?

Mr. McLAUGHLIN. I assume you are intending to ask if the publication in the Federal Register is constructive knowledge of its publication?

Mr. HINSHAW. If he should violate that rule, which was duly published some place, but without his happening to have seen it, could he be convicted of willful violation of the rule?

Mr. McLAUGHLIN. I should say that the word "willful" implies that he has actual knowledge of it.

Mr. HINSHAW. That is what I wanted to ask the distinguished barristers here, whether the word "willful" would be construed to mean that he must have had actual knowledge, and has directly and willfully violated the regulation, in accordance with his knowledge of it?

Mr. McLAUGHLIN. I should say that all the facts and circumstances would be taken into account, as to whether under the circumstances he should have known that such rule existed.

Mr. HINSHAW. I am still at sea about it, but I thank the gentleman for attempting to instruct me.

I can only add that there is already such confusion in published orders, rules, and regulations that no one can conduct his affairs without violating one or more of them. There are rules and amendments to rules and then rescinding orders, and there are regulations and amendments to them, with new ones pouring out of the mill every day. Instead of being a government by law we are fast becoming a government by Executive order, rule, and regulation, all having the force of law. How can John Citizen avoid violating orders, rules, and regulations and thereby avoid liability to fine and imprisonment when he cannot

know what they all are nor when he is likely to find himself up against a fresh one?

[Here the gavel fell.]

Mr. WHITE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in reading this bill, S. 2208, it seems to violate and flout the orderly proceedings and the plan of procedure in this House.

In the first place, the House is constituted so that Members are assigned to committees to handle certain classes of legislation. By long experience and process of selection and elimination the membership of these committees are particularly qualified to handle the legislation that comes before the regular committee.

Now, this is an omnibus bill. I do not know why, in dealing with one of the most important financial policies of this country, our good friend the gentleman from Alabama [Mr. STEAGALL] and the Committee on Banking and Currency, was ignored by bringing in title IV in this omnibus bill. Or why the Committee on Coinage, Weights, and Measures was overlooked in considering the provisions of title 9.

If you can pass this bill under this procedure, and override the rules and procedure of this House, you can pass anything.

I would like to know what consideration the Judiciary Committee gave to a matter as important as title IV of this bill.

In the great emergency of the Civil War when the source of money and credit failed in this country, particularly money, and bonds no longer brought in cash with which to finance the war, the great war President, Abraham Lincoln, decided to finance the Civil War with non-interest-bearing promissory notes of the Treasury, and the Treasury issued the famous greenbacks of the Civil War, and we all know that our Government was successful in carrying out the operations of that war with that kind of financing. We did not pile up a huge interest load on the people by that process. Here we go into this war with an interest load of over \$2,000,000,000 annually, a \$50,000,000,000 debt, and we have authorized wholesale appropriations that total well over a hundred billion—thirty-two billion in the last appropriation bill, if I recall correctly. Then it is proposed that we provide an inflationary scheme whereby the Treasury can turn over its power to the Federal Reserve and by making some bookkeeping entries continue to pile a load of interest on the people of these United States that they, their children, and their children's children can never pay. We are undermining the financial structure of the Nation, we are undermining the financial stability of the United States, and this condition will be reflected in our dealings with the rest of the world.

Under the inflationary scheme put through in title IV what becomes of the reserves of the insurance companies, of the reserves of our banking system? What becomes of the stability of the financial structure with the eminent

gentlemen of the Judiciary Committee bringing in a thing like that and putting it through under the guise, if you please, of stabilizing the credit of the United States? And then they talk about inflation!

If that is not inflationary I would like to know what it is. That is one provision in this bill to say nothing of all these other schemes to put into the hands of the executive branch of the power conferred by this bill, drastic powers—I do not know what the Members of this House are thinking about in undertaking to consider and pass legislation of this kind.

[Here the gavel fell.]

By unanimous consent, the pro forma amendments were withdrawn.

The Clerk read as follows:

**TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS OF GOVERNMENT OBLIGATIONS**

SEC. 401. Subsection (b) of section 14 of the act of December 23, 1913 (38 Stat. 265), otherwise known as the Federal Reserve Act, as amended, is hereby amended by striking out of the proviso the words "but only in the open market," so that the proviso will read as follows: "Provided, That any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities."

Mr. SUMNERS of Texas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose and the Speaker having resumed the chair, Mr. COOPER, chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill S. 2208, to further expedite the prosecution of the war, had come to no resolution thereon.

**EXTENSION OF REMARKS**

Mr. GOSSETT. Mr. Speaker, on behalf of the gentleman from Texas [Mr. MANSFIELD], I ask unanimous consent that he may extend his own remarks in the RECORD and include a letter from Mr. Wallace McClure of the Cosmos Club on the subject of international executive agreements.

The SPEAKER. Is there objection to the request of the gentleman from Texas, [Mr. GOSSETT]?

There was no objection.

**PROBLEMS OF THE PACIFIC COAST**

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for one-half minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California, [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, for a variety of reasons I believe the President's order empowering the Army to establish restricted zones in areas important and vital to the defense of our country and to exclude from those areas anyone—alien or citizen—that it might be deemed wise to exclude was a

wise and proper move. In saying this I fully realize that the Army could exclude a Congressman if they thought his speeches were likely to undermine public morale. And that is all right with me, too.

We are at war and we are at war against a ruthless enemy. There is no doubt in my mind of the sincere loyalty to the United States of the vast majority of people of German, Italian—yes, and of Japanese—ancestry. But we do know that Germany and Japan particularly have highly developed espionage systems and that they have ways of compelling even unwilling people who may be subject to their pressure to serve their interests.

We hope and believe no enemy can successfully attack our shores. But already a submarine has shelled one point on the California coast, and today there are serious reports of what may have been a raid on Los Angeles; and in cases of this kind we want to be sure there would be no one on shore to assist him.

Just who the commanding general of the west coast area will decide to exclude from the restricted areas we do not yet know. Already the F. B. I. has taken into custody a very considerable number of enemy aliens, and the Department of Justice is carrying out an evacuation order affecting enemy aliens from certain specially important areas.

But the larger movement, which, partly at least for their own protection, will probably include all the Japanese even though they be American citizens, will present much greater problems.

One of these must be prevented. That is the hit-or-miss congregation of large numbers of these people in areas immediately adjacent to the areas from which they have been moved or in areas where others of their own race are now living. Instead of this there should be prepared a place to which they can be removed. It should be an area where farming can be carried on and where other types of useful and important work can be carried on. There should be and need be no persecution and no hardship inflicted.

People known to be loyal to this country should be appealed to to assist with the job of resettlement and to take responsibilities. There must be supervision by such agencies of government as are designated to do the job.

Another problem will be that of property which these people will be compelled to abandon. This should not be the occasion for anyone else to profit. A Government custodian for such property should be appointed at once. The farm lands should be kept in cultivation. And either the property should be held by the custodian until the end of the war or else sold with the consent of the owners, to whom, of course, the proceeds should go.

We can demonstrate two things in this whole affair: One, that the United States can act decisively and in thoroughgoing fashion when necessary or wise to do so in self-protection. Second, that such action can be carried out in such a way as to increase and



not decrease the feeling of loyalty to this country on the part of all who possess it.

#### RURAL ELECTRIFICATION IN FLORIDA

Mr. GREEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. GREEN]?

There was no objection.

Mr. GREEN. Mr. Speaker, I want to call the attention of the House to the great progress that rural electrification has made in my State.

#### RURAL ELECTRIFICATION IS A GLOWING EXAMPLE OF APPLIED DEMOCRACY—IT RELIEVES TOIL

Mr. GREEN. Mr. Speaker and fellow Members, rural electrification is a glowing example of applied democracy. It is lifting the burden of toil off the backs of farmers and their wives. It is harnessed electricity made to serve man. It has banished gloom and despair and lighted up the halls of farm homes with joy and comfort. It has brought to rural life comforts, conveniences, and economies which were heretofore enjoyed only by city dwellers, and is rapidly causing the drift of people from cities to farms rather than from farms to cities. Rural electrification was in fact made possible through establishment of the Tennessee Valley Authority about 8 years ago. It was my happy privilege to preside over the House of Representatives the day the T. V. A. was created and also to vote for this measure.

Prior to the creation of the T. V. A. there were comparatively few farms in the country which had rural electrification. Occasionally a prosperous farmer had been able to install his own small Delco outfit, but electrical power was a high luxury and not to be even dreamed of by the average farmer. We will take, for instance, the charges made by the Mississippi Power Co., which is near the T. V. A., which charges were for 1,400 kilowatt-hours under the old rate, and compare them with the T. V. A. rate of  $7\frac{1}{2}$  mills a kilowatt-hour of today.

#### Residential rates

	Mississippi Power Co. rates, 1932	Present Tennessee Valley Authority rates
First 30 kilowatt-hours a month...	\$3.00	\$0.90
Next 170 kilowatt-hours a month...	13.60	3.60
Next 300 kilowatt-hours a month...	21.00	2.40
Next 350 kilowatt-hours a month...	21.00	1.40
Next 550 kilowatt-hours a month...	27.50	2.20
Total (1,400 kilowatt-hours a month).....	86.10	10.50

You will see that the old rate charged by the power company was 5 cents a kilowatt-hour, as compared to  $7\frac{1}{2}$  mills under the T. V. A. rate. The T. V. A. opened up to the American people the possibility and practicability of rural electrification and the feasibility of the Government participating in this great enterprise. During the last 7 years the Federal Government has made loans available for R. E. A. purposes in the

amount of about \$400,000,000. This fund has carried electrical current to some 1,500,000 farm families, or approximately 25 percent of all farms in our country. The R. E. A. has constructed about 200,000 miles of line, and the number of patrons on these lines is rapidly increasing as the farm families understand and appreciate more the benefit, the luxury, and the comfort of having electrical current.

In Florida we have a cosmopolitan citizenship with diversified interests. On this account we have not realized as great benefits from R. E. A. as we should have. Our State has not taken advantage of rural electrification in the same proportion as some other States have. However, Florida has received from the R. E. A. \$2,850,000, which has been used in the construction of 3,000 miles to serve 7,100 families. We have extension applications now pending, and it is expected that they will receive allotments in due course of time. We also have additional new projects which are in the process of preparation and development, when war conditions permit use of copper and iron.

One of the about 20 R. E. A. generating plants in the country is located in the Second Congressional District within 10 miles of Starke, my home town. It was necessary for the farmers to get money from the Government to build this plant because the local power companies did not cooperate for cheap wholesale prices for electrical current. The private power companies in Florida are not now fighting R. E. A.; they are cooperating. R. E. A. serves, in the main, territory not desired by the power companies. This plant stands out as a service monument to the present Democratic administration. The R. E. A. thought enough of this marvelous establishment to give special mention to it in the 1939 annual report. It is a modern, up-to-date Diesel-motor generating plant. From this plant service goes out to consumers in 8 to 10 counties. The rapid increase in patrons will in all probability in the near future again require plant enlargement. Two years ago this modern farm-owned electric plant was dedicated with public barbecue and gathering of thousands of people from many counties.

In the Suwannee River Valley, the Suwannee Valley Electric Association some 2 years ago opened up 151 miles and is serving 400 to 600 patrons. Of the 15 rural counties in my congressional district, about all have rural electrification. I shall not cease my efforts until electrical current is offered to every farm desiring it within my State. No other agency of the Government is carrying real benefit to farmers comparable with rural electrification.

There are some 20,000 farmers' electrical cooperatives in the United States which with Federal funds have constructed enough power lines to reach around the earth 4 times. This service should and will continue as an economic measure until practically all farms in the United States have been given electrical current. The older countries of the world have long realized the economy and benefit of having electrical current on

farms. Norway, Sweden, and Denmark, and other old nations of Europe, have electrical current supplied to more than 90 percent of the farms. This was before the present war. Conservation and economy have taught these older nations that rural electrification is not only a comfort but is also a business asset to any farm.

In many homes—in fact, in the majority of them—in the Tennessee Valley area, where current can be produced cheaply, they are using electricity even for heating purposes. It has been found in these places that electricity for heating the entire house costs less than wood or coal. For instance, here is the story of one Mississippi home in the T. V. A. area: 37 lights in the house, together with electric iron, refrigerator, range cooking stove, grill, three fans, vacuum cleaner, waffle iron, and six electrical heating units—heaters. During the month of January, which is the coldest month, this home used 1,036 kilowatt-hours of electricity, which cost \$9.04. Another housewife in this same area, without home-heating appliances, in the month of March used lights in her home and garage, a radio, electric refrigerator, electric iron, electric cooking stove, a vacuum cleaner, a hot-water heater—82 kilowatt-hours of electricity, which cost \$2.14 for the month. March is a comparatively cold month in that area. Of course, the rate is cheaper in the T. V. A. area than we can immediately expect in areas with less production and less consumption. In other words, they have the hydroelectric dams constructed there and the  $7\frac{1}{2}$  mills per kilowatt-hour is quite reasonable; however, this  $7\frac{1}{2}$  mills per kilowatt-hour, it has been figured, takes into consideration and provides for the retirement of the cost of building lines and also the amortization of the cost of dam construction.

There are hundreds of watersheds throughout the United States which are capable of developing and producing an enormous quantity of electrical current. The power possibilities of these streams is nature's gift to the American people. It is a crying shame for this potential power to go to waste in the oceans adjacent to our country for the lack of dams and machinery to harness it. In my own State, we have many streams capable of development of considerable water power; of course, not in the volume as generated on the Tennessee and Columbia Rivers, but of adequate possibility to take care of each farm in the State of Florida. Among these streams is the historic and majestic Suwannee River. The Army engineers are now giving further study to possibility of development on this stream. As a result of joint effort of Congressman Sikes and myself the United States Army engineers are making further survey of possibilities of power development on Chipola River. Other Florida streams have power possibilities.

The war has absorbed all available copper and other metallic substance needed in R. E. A. expansion. After the war we may well predict R. E. A. expansion in Florida to take in practically every developed farm community which does not

now have electrical current either from R. E. A. or power companies.

I remember very well farm homes in my district before our farmers had rural electrification. I have seen the housewife go about the drudgery and duties of her home in all of its toil and physical pain. On washday, for instance, she must draw the water with a hand pole or long chain with a big bucket, carry it several yards to a big black pot and large tubs, or the big, long, old-time washing trough, rub and scrub the family clothes for 2 or 3 hours, then place them on the end of the trough or on a block and take a stick weighing several pounds and beat them until the buttons fly off; then throw them in the old black pot with a tarry fire blazing up around it on a hot summer day, stir them, push them down until they are bleached; then, by hand, take the scalding garments from the pot, rinse and rinse and rinse them, and hang them up to dry; then, from 12 until 1 o'clock, while she is resting, she must cook a big dinner on a red-hot stove for a large family, clean up the little children, and feed them; then, in a steaming, hot kitchen, wash up the dishes; then go to finish the washing, or scrub, by hand, the kitchen floor. The next day—practically all day—with her irons before a blazing fire, shut up in a hot house, she irons and irons until the garments are pressed and ready for the use of the family. In the kitchen an ice box is unknown. Things left over from the meal, also milk and eggs, spoil because it is too hot in the kitchen. The supper is cooked by a small kerosene lamp. After supper has been served, the small school children study their lessons by a pine-knot fire or a small, smoke-shaded kerosene lamp.

I will not go into the details of the drudgery of the farmer himself in watering his stock, shelling his corn by hand, blundering around in the barn with no light, and various other necessary endeavors on a dark farm.

The picture is quite different now. In two to three thousand homes in my congressional district the washing machine, the electric iron, the electric fan, the Frigidaire, the electric light, the electric pump, the vacuum cleaner, and other devices have taken the drudgery off their tired and honest backs, while the radio has given them joy and comfort in living. The trend now is not from the farm home to the city for these comforts and luxuries, but is from the city back to the farm to enjoy more of Nature's blessings and invention's comforts. The farmers of my district are living in the dawn of a new day of farm enjoyment and comfort.

On February 2, 1940, the Suwannee Democrat, edited by Hon. Charles Helfenstein, a Yale man, which is one of the best weekly newspapers in the United States, had the following to say:

FARM HOMES GET ELECTRIC POWER AS RURAL ELECTRIFICATION ADMINISTRATION ENERGIZES—FIRST SECTION COOPERATIVE COMPLETED—OTHER SECTIONS AS HOMES ARE WIRED

Electric lights burned in many Suwannee County farm homes last night as the local electric cooperative began energizing its lines in this and Lafayette Counties. Thursday afternoon shortly after 2 o'clock electric

power coursed through the high-tension lines of the Suwannee Valley Electric Cooperative Association to serve farm homes in the McAlpin, Pinemount, O'Brien, Beulah, and Central communities of this county.

Plans for a rural-electrification line in this county were started nearly 3 years ago. With the assistance of Congressman R. A. GREEN, who has secured two of the four Rural Electrification Administration projects in Florida for his district, an appropriation was secured to construct the lines here.

The project manager of the Suwannee Valley Electric Association also conveyed the following expressions:

SUWANNEE VALLEY ELECTRIC  
COOPERATIVE ASSOCIATION, INC.,  
March 12, 1940.

HON. LEX GREEN,

Member of Congress, Starke, Fla.

DEAR SIR: I wish to take this opportunity of expressing my high regard for your effort toward the advancement of rural electrification in Florida. I sincerely believe I express the thoughts of the majority of, if not all, our cooperative members.

Your continued efforts in behalf of the wonderful program of "electricity on the farm" cannot help but be appreciated by the thousands of farmers throughout the State.

Very respectfully yours,

GEORGE CARVER,  
Project Manager.

New River, Bradford County, Fla., is the scene of my childhood days. This community had R. E. A. lines extended through and from the farmer-owned plant at Keystone Heights, but owing to congestion of duties the management had been unable to get current turned on in this community. In December, as the Christmas holidays approached, my boyhood friends and neighbors became anxious to have light during the holiday season. Through the special cooperation of the R. E. A. Administrator in Washington, we were able to get the line energized on December 19. I read the following from the county agent of Bradford County, indicating their appreciation and cooperativeness:

STARKE, FLA., December 21, 1939.

HON. R. A. (LEX) GREEN,  
Starke, Fla.

DEAR LEX: On behalf of the 68 farmers who are members of the Clay Electric Cooperative of the Rural Electrification Administration on the New River extension, I wish to express the deepest appreciation for the aid you gave us in getting our New River line energized. The line was energized at 11 o'clock Tuesday, December 19.

I visited about a dozen of the homes that night, and it was indeed a pleasure to see the enjoyment they received from the energization of the line. They are overjoyed at the prospects of lights for Christmas. They are indeed grateful to you for your cooperation in helping to get the line energized.

With the very best of holiday wishes, I am,  
Very truly yours,

T. K. McCLANE, Jr.,  
County Agent.

During this Christmas holiday my heart was made to rejoice in knowing that I had been helpful to the men and women with whom I had been reared, in making them happy and in making their Christmas bright and joyous. Of all times of the year the Christmas season is the one most worthy of joy and happiness and, although this accomplishment is small in a way, it gives me more

happiness than practically any accomplishment of my life.

Rural Electrification Administration officials cooperate thoroughly with farmers desiring to borrow money for the establishment of R. E. A. service. The following is statement from one of the R. E. A. officials:

UNITED STATES DEPARTMENT,  
OF AGRICULTURE,  
RURAL ELECTRIFICATION ADMINISTRATION.  
The Honorable LEX GREEN,  
House of Representatives,  
Washington, D. C.

DEAR LEX: I am enclosing an interesting tabulation of information about the Florida Rural Electrification Administration projects. I cannot help noticing the large number of areas in your district that have been served already by our projects. If anyone accuses us of favoritism, we shall, of course, have to explain that your great activity and interest in this project made you first on the scene.

You are represented, in part, in five out of our eight existing projects, and the first cooperative project developed in Florida was in your district.

You are one of those Congressmen working with and instructing their constituents in such a manner that the Federal agencies are able to serve the people.

Yours very sincerely,

BOYD FISHER,  
Special Assistant to the Administrator,  
in Charge of State Relations.

Now, my friends, I think you will agree with me that no other branch of the Government is really carrying to the farmers of our Nation equal benefit, joy, contentment, and comfort as that carried by the Rural Electrification Administration. The farmers of our Nation deserve so much and receive so little. My effort will go forth for rural electrification to farm homes in Florida.

The following letter from the R. E. A. Administrator gives interesting information concerning the development of R. E. A. in Florida.

UNITED STATES  
DEPARTMENT OF AGRICULTURE,  
RURAL ELECTRIFICATION ADMINISTRATION,  
Washington, February 13, 1942.  
HON. LEX GREEN,  
House of Representatives.

MY DEAR MR. GREEN: Please excuse my delay in answering your letter of January 31 regarding Rural Electrification Administration's current progress in Florida. As you know, however, my time has been taken up of late with a great many concerns.

As of January 1, 1942, the Rural Electrification Administration has energized approximately 3,006 miles of lines in Florida. Our total allocations to 13 Florida projects amount to \$2,848,907.45. These 13 systems are serving 7,067 consumers. It is gratifying to me to note that this number is constantly increasing as new rural dwellers are being connected to our lines.

During the past year 2 new cooperatives at DeFuniak Springs and Quincy have made excellent progress. The Choctawhatchee Electric Cooperative, Inc., at DeFuniak Springs has been developed to serve 1,143 members over approximately 348 miles of line, and the Talquin Electric Cooperative, Inc., at Quincy has 194 miles now with 362 consumers. An acquisition amounting to \$129,333 and involving 101 miles of rural lines has been successfully negotiated with the Florida Power Corporation. These rural lines and towns were integrated into the system of the Talquin Electric Cooperative, Inc., at Quincy. This cooperative will serve the town of Havana wholesale. The Tri-County Electric



Cooperative, of Madison, Fla., acquired the distribution systems in Greenville and Aucilla from the Florida Power Corporation, and now serve these 2 towns. This cooperative is also to serve the Farm Security Administration project at Cherry Lakes, although negotiations have not been settled.

In northwest Florida, the West Florida Electric Cooperative Association, Inc., with 454 miles in operation now serving 1,051 consumers, is negotiating with the city of Marianna for the rural lines.

The Escambia River Electric Cooperative, Inc., now has 187 miles in operation serving 442 consumers. Their B project cannot be allotted because of the material situation.

A new cooperative has been developed in Bay County but cannot be allotted.

We also have a new cooperative developed at Dade City (Florida 33 Pasco), but unfortunately no allotment of funds can be made for it because of the material situation.

The Clay Electric Cooperative Association, Inc., at Keystone Heights now serves 1,565 consumers over 740 miles of rural lines. This cooperative is in need of additional power capacity now and we are studying the problem.

The Peace River Valley Electric Membership Corporation, Inc., at Wauchula, now serves 251 consumers over 122 miles of line.

The Lee County Electric Cooperative, Inc., at Fort Myers, serves 262 consumers over 74 miles of line.

I cannot look forward to any great expansion of Rural Electrification Administration's activities in the near future. Because of the copper situation, we are concentrating our efforts on advancing the Nation's war pursuits. This involves supplying power to flying fields, training camps, and war industries.

With best regards, I am,

Sincerely yours,

HARRY SLATTERY, Administrator.

#### EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to include in the remarks I made today before the committee two newspaper articles to which I made reference.

The SPEAKER. Is there objection to the request of the gentleman from Ohio, [Mr. SWEENEY]?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to include as a part of my remarks a table on exports.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

#### NEWSPAPER HEADLINES

Mr. HINSHAW. Mr. Speaker, I ask unanimous to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California, [Mr. HINSHAW]?

There was no objection.

Mr. HINSHAW. Mr. Speaker, the afternoon papers carry heavy headlines about "Jap planes zooming over Los Angeles." Careful inquiry made at the War Department elicits the information that they do not know of any Jap planes flying over Los Angeles. They do know there were probably two temporarily unidentified air vehicles of some kind that flew over that area, not two flights of 50 airplanes. They might have been United States planes or any other planes, but they are not known to be Jap planes.

I think the newspapers ought to be a little more careful about headlines that

they put on some of these articles concerning the national defense in various parts of the country. We are glad that the interceptor command took the prompt action they did, and we want to be on the keenest alert constantly. But let us not cry "wolf" or "Jap" willy-nilly, and frighten our people. Recurrence of such publication will tend to make our people lose confidence in the accuracy and veracity of the press. Then when the genuine article appears some day it may not be believed. Shame upon the newspapers which carried such unconfirmed statements.

#### AMENDMENT TO S. 2208

Mr. DEWEY. Mr. Speaker, I ask unanimous consent to place in the RECORD at this point an amendment to title IV, which I contemplate offering tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DEWEY]?

There was no objection.

The matter referred to follows:

Amendment of Hon. CHARLES S. DEWEY: On page 12, strike out lines 6 to 11, inclusive, and add the following by striking out the semicolon after the word "market" of the proviso, adding a comma and the following words: "except that such transactions in such obligations having maturities of 6 months or less need not be in the open market," so that the proviso will read as follows:

"Provided, That any bonds, notes, or any obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities but only in the open market, except that such transactions in such obligations having maturities of 6 months or less need not be in the open market."

#### EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a radio speech which I delivered.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MARCANTONIO]?

There was no objection.

(Mr. HAINES asked and was given permission to extend his own remarks in the RECORD.)

#### HOME GUARD

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. COSTELLO]?

There was no objection.

Mr. COSTELLO. Mr. Speaker, today I have introduced a bill providing for the creation of a home guard defense unit. I believe that this is very necessary if we are really going to put the Nation on an all-out war basis. This will provide an opportunity for civilians to serve in defense programs on a part-time basis while they are continuing their ordinary civilian activities.

Sabotage, token attacks, or invasion attempts will be sad experiences for our enemies—only if we are prepared to meet them. Neither Norway nor Holland

would have been overwhelmed if they had been organized and prepared to meet their attackers. Now war is playing its grisly acts on the remote circuits of the Pacific islands and the little winter playhouses on the Russian steppes. But our enemies are an arrogant lot. They want to play and control the big time. New York and San Francisco, Seattle and Los Angeles. Even Dallas and Detroit. With their final boastful performance in the White House where they plan to take over the management of the world stage and dictate a song of subservience and a hoop-jumping routine to all free people.

Last night our President said we must fight at distances; but he also told us we must fight the enemy wherever we meet him. There was solemn warning in his statement that if we lose in the Far East, Japan could launch attacks on a large scale against the west coast of North America. The mayor of New York has notified his people to expect raids. Secretary of War Stimson has spoken to prepare us mentally for these eventualities. But materially we have done practically nothing to meet these eventualities. Let us look this war in the eye. Let us realize that it soon may be as close to us as the corner grocer. Let us have a home defense that will stop in his tracks any invader or saboteur before he has a chance to get in his dirty work.

I have introduced a bill today that will give us an adequate home defense. The measure was put on paper by me, but its provisions have been in the minds of uncounted numbers of Americans for a long time. Like a folk song in the making, it is the refrain of millions of Americans who want to go all out to protect their homes, to protect themselves, and to win this war as speedily as is possible. A little group of far-seeing patriots in California suggested this legislation to Congressman JOHN ANDERSON and myself almost 2 years ago. We introduced bills for a home defense organized reserve many months ago. But the need was not apparent; the situation was not critical; and they gathered dust in committee files. Since that time the reconstruction of this measure has been suggested to me from countless sources. Today, I have put in the hopper the up-to-the-minute legislation we need. You are going to want to know about this bill, and you are going to know about it because your constituents will be demanding that we carry out its provisions. It is a challenge and an opportunity to every American whether he is an A-1 selectee or not.

This measure will establish as a reserve component of the Regular Army, a home defense organized reserve for local home defense. When enacted it will release from certain forms of guard duty thousands of trained soldiers of the Regular Army who are equipped and anxious to follow the American eagle to the present theater of operations. Troops that should be with MacArthur on Bataan will not be patrolling the rear exits of our congressional office buildings. It will provide us with an effective fighting force on the home front that can act as an auxiliary to the Regular Army and can meet the enemy at death grips any day. It will provide an additional reser-

voir of disciplined and trained men for bullet-line action whenever the Regular Army needs replacements or expansion. It will protect us from the torch of the saboteur, the machine gun of the parachute trooper, and the devastating confusion of bombs and incendiaries.

What is more, it will place home defense on a "must" basis in contrast to the "We can take it or leave it alone" programs now pathetically and ineffectually in operation. State guards need not be without incidental value, but financial difficulties and political obstructions place a definite limit on their effectiveness. This is our Nation's war. There is no occasion for Pennsylvania or California to maintain a private army to fight off the Japs or Nazis. The civilian defense program has a place in our affairs. It has done some good work in promoting first-aid training courses and in otherwise planning the civilian's role in meeting attacks. But its activities are mainly precautionary. It is as impotent to direct the repulsing of an enemy attack as the Community Chest of Washington is unable to carry the entire social-security program. Some present activities of civilian defense are essential functions of home defense and must be placed under competent military directives.

In establishing a Home Defense Organized Reserve we will develop a hitherto untapped source of defense that will reveal the reserves of patriotism our country possesses. The splendid veterans of the last war who have offered themselves to our country by the thousands since Pearl Harbor will have a real opportunity to serve again. Those over the present age limit for front-line service will find an opportunity for effective full-time service here at home, where their experience and training will be indispensable. In large part, these men will build and guide the home defense program. They will make up a large part of its officers and directives. Equally important, there is room and to spare in the program for the defense worker who has his evenings free, the professional man with dependents, the clerk with a physical defect that keeps him from front-line service. Pass this bill and we will have no rocking-chair warriors. Last night the President told us that we shall give up conveniences and modify the routine of our lives if our country asks us to do so. Urgency walked with his words. This bill must be enacted now. And when it is, the man behind the man behind the gun will be only a place to the rear—not a 7-league stride removed from an all-out effort to reduce our enemies. Enact it and sabotage, token attacks, or invasion attempts truly will be sad experiences for our enemies.

#### EXTENSION OF REMARKS

Mr. GWYNNE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Iowa? There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend

the remarks I made on the floor today and include certain newspaper excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I also ask unanimous consent to revise and extend my remarks and include therein a newspaper editorial, in connection with the remarks I made in the colloquy with the gentleman from Virginia [Mr. SMITH].

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a poem by Horace C. Carlisle, of Alabama.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

#### REPUBLICAN RIVER COMPACT

Mr. WHITE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5945) granting the consent of Congress to a compact entered into by the States of Colorado, Kansas, and Nebraska with respect to the use of the waters of the Republican River Basin, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference. The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Idaho? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. WHITE, ROBINSON of Utah, MURDOCK, SHORT, and WINTER.

#### NOW

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SCOTT. Mr. Speaker, Mr. Churchill told us recently that this is our war now. Such candor is refreshing, and he is right. But, since it is our war, let us decide now, before it is too late, how we are going to fight it. Let us benefit from the experiences and profit by the mistakes of our Allies. Let us take inspiration from the courage of the British and Dutch, the fortitude of the Russian soldier, the endurance of the Chinese. But let us not think we can win a war by "muddling through," by gallant rear-guard actions, by wishfully hoping Hitler will make mistakes, or by planning to tire out our enemy by schemes for months or years of defensive warfare.

Wars are not won that way. And you do not need to be a military expert to know that this war will not be won unless and until we take the offensive.

We can take the offensive now, and in several directions:

First, On the production line. If we cannot win the war with a 40-hour week—and we cannot—we know well that the American workman is a decent,

patriotic citizen; tell him we cannot; tell him a 40-hour week is not enough to beat Hitler. Tell him—and tell the employer—we need to ask both labor and capital to make sacrifices and to make them now.

The die-hard reactionaries and the professional agitators do not speak for capital, and they do not speak for labor.

Call on the great reservoir of patriotism in this country for more taxes and longer hours. But now. Do it now.

Second. We can take the offense now in another direction:

All Europe is ripe for the proper attack through the air and, until we get the clouds of promised planes, the air has another use—the radio.

We Americans are masters of advertising. We can turn our skill at selling each other everything from hairpins to locomotives; turn it toward selling ourselves and our plans for beating the daylight out of the oppressors. We can fill the ether with this message, to the despairing millions in the occupied countries.

Let us be frank: British propaganda broadcasting is notoriously bad. There are well-authenticated instances where it has done more harm than good. If we do not enter the field, and with the smartest talent we have, we are throwing away a golden opportunity to take the offensive into thousands of homes and scores of thousands of minds in the occupied countries.

We ought to be telling these people, for whom hope has become about all that they have left, that the Yanks are coming; that the tanks are coming; and the planes, and after that food and surcease from cruelty and fear, and a chance to walk their streets and talk to their fellow men and build again on the ruins of their homes and to look at the sky where no crooked cross remains, and to know again the blessed healing peace of freedom.

The propaganda leaflets are an offensive weapon, too, and they are being used. But they should be followed up as often as possible by more messages from this country—by word to the occupied countries supplementing the broadcasts, and carrying a message also to the German people, and the Italian people, that there is no longer any hope for the victory of their leaders, that the people of Germany and Italy have more to gain by conversion to the democratic way of life than by continued war under tyrannical leadership, and that they are being deceived by their frantic masters.

They will not believe it? How do you know they will not? Have you ever been hungry? Have you ever been through what the Europeans are going through now? Is it not worth trying? And trying on a larger scale? And with unremitting offensive perseverance? And trying now?

There are other ways of carrying the war to the enemy besides sitting on our back-door step and contemplating the damage he did as he came in that way.

Obviously, and in the end, the really decisive offensive must come by force of arms, by hurling at the Axis everything we have got, as soon as we can get enough of it in one place to take that kind of



action. The harder we work, the sooner that day will come.

It is not for us here to attempt to dictate military strategy. Where the military blows fall is for the commanders to decide. When they fall and how soon is, in part, up to us.

That these mighty strokes will fall, that they will crush our enemies, that victory will be upon our banners, these things we know in our hearts. That it will not come save after grievous days and events of dire travail we accept, because we must.

But we do not and must not accept blunders, stupidity, smugness, slavish imitation of lost opportunities as inevitable.

Every blunder avoided shortens the war. Every missed opportunity lengthens it.

Let us get on with the war, and let us get on the offensive, wherever, whenever, and however we can.

And may the lord of battles bear us witness that every hour, every day, we did our best.

The SPEAKER. Under a previous order of the House, the gentleman from New York [Mr. DICKSTEIN] is recognized for 30 minutes.

THE "NORMANDIE" INCIDENT—WAS IT AN ACCIDENT?

Mr. DICKSTEIN. Mr. Speaker, I wish to bring to the attention of the House and of the country the question of the steamship *Lafayette*, formerly known as the *Normandie*, that is now lying helpless in the harbor of New York.

A number of investigations have been made by various agencies and a subcommittee of the Committee on Naval Affairs is now conducting an investigation as to whether or not the *Normandie* was sabotaged. Apparently everybody agrees there was no sabotage and no destruction caused by enemy aliens.

About 2 weeks ago when this incident happened I addressed this Congress and then stated that I was going to make a certain survey and report back to the House as to what I believe actually happened. In spite of all the reports that were made by the various investigating committees and boards and despite the fact that a subcommittee of the Committee on Naval Affairs is presently conducting an investigation, I think it is important that I present the information I have so that the proper committee or any other authority may follow it through.

I do not intend to take up the time of the House by reciting the things I propose to submit for the Record, but I am going to call the attention of the House and the country to what I believe are important facts which have been overlooked in all the investigations conducted thus far. Had the investigators followed through the investigation of the McCormack committee into certain Nazi activities in this country, they might have been able to trace the possible cause of the fire and place the responsibility for it.

A few days ago in going through some old records I found that the McCormack committee examined one William Drechsel back in 1934 and 1935. He appar-

ently is a naturalized citizen. He was representing the North German Lloyd and the North German Piers. He is the same No. 1 Nazi in New York and in this country who has been inculcating the Nazi philosophy into the children of America. He is the same Drechsel who conducted tours from the North German Lloyd to Germany at the expense of the German Government.

When war broke out in 1939 and the North German Lloyd and the Hamburg-American Line ceased to operate, I discovered, only a few days ago, he organized a new scheme. He has organized what is known as the Oceanic Service Corporation in New York City, and you would not know what the Oceanic Service Corporation is unless you dug into the matter and found out who is at the head of it. Who do you think is at the head of that corporation? The same William Drechsel who was a Nazi agent for the North German Lloyd. What are they doing? They are supplying guards and agents for the piers in New York and other places in the country.

Now, I charge, Mr. Speaker, that Capt. William Drechsel, one of the former agents of the Nazi Government, has supplied the *Normandie* with at least 30 or more persons or alien Nazi agents who were working on the *Normandie* at the time it was being reconditioned, and who were guarding the *Normandie* upon recommendation of Capt. William Drechsel, who admitted in the spy trial of 1938 that he bailed out all the Nazi agents who were convicted about 2 years ago.

Now, here, Mr. Speaker, we have the Intelligence Bureau of the Navy and yet not one of the persons who was recommended by the Oceanic Service under the control of this Nazi agent, was checked by Naval Intelligence which is responsible for determining who shall or shall not go on the piers or who should or should not work on the *Normandie* or any other ship in the American service. If the Naval Intelligence had made any kind of investigation or if anyone in our Government had made any sort of check-up about the men who were recommended by this Nazi agent who now owns Oceanic Service Corporation, as to the men he actually put on board that ship, then anyone could easily answer the question himself. I charge that the fire was caused by sabotage and that it was done with the deliberate design of destroying the *Normandie*. There is not any American, I do not care how black he may be, who would dare to do such a dastardly thing as was done on the *Normandie*.

Mr. Speaker, not a single investigation was made by the Naval Intelligence of the third district to determine who was on that boat or who was guarding that boat, and I again say that if any investigation were made they could have traced very easily the responsibility to some place within the scope of the Oceanic Service which is controlled by this Nazi agent, who was in control of the North German Lloyd.

I am not going to take up the further time of the House. I hope to put into the Record some information that will give a pretty clear picture of what pos-

sibly happened on the *Normandie*, as would be shown if a proper investigation were made. You cannot conduct an investigation in Washington behind a closed door after listening to some reports made by certain naval officials or by the fire patrol or by some other persons who simply say "yes" or "no."

We must get to the truth about the *Normandie* or the *LaFayette*. How could such a thing possibly have happened when the ship was supposedly guarded by hundreds of men, with 2,200 men working there? It seems to me no one has been able to give us a clear picture of the whole situation.

I suggest to the Naval Affairs Committee that if it has the power of subpoena that it bring before it immediately Capt. William Drechsel, former executive of the North German Lloyd Line and the Hamburg-American Line, and let him produce a list of the persons he recommended and who were guarding the *Normandie*. And let each one of those persons be examined very thoroughly, and then they can come to a thorough understanding of just what happened on the *Normandie*.

Mr. Speaker, a peculiar condition has arisen in New York Harbor in connection with the supervision of piers of large steamship companies. A good many ships have been tied up for the duration of war, and very often ships use berths of other companies.

As a result, it is very important that New York Harbor be watched very closely. One would think the Government would make it its special business to watch our piers, but strange as it may seem, instead of using our own naval watchmen to do this inspecting, the business of watching ships was placed in the hands of private agencies, and I shall give you the story as related by the *Herald Tribune* in its issue of February 20, 1942:

This business of watching is largely in the hands of eight private agencies, of which the Oceanic Service Corporation is one of the largest. Back in 1898, a State law was enacted requiring all such agencies and their operatives, whether doing pier guard work or not, to obtain licenses as detectives and necessitating strict character qualification. This provision, however, was amended in 1938, in which pier guards were specifically exempt from licensing and were therefore relieved of qualifying as to character or record for these pier-guarding duties.

Because of an agreement between the shipping interests and the International Longshoremen's Association, these watchmen must all be members of the International Longshoremen's Association. There are about 2,000 of them banded together in the Port Watchmen's Local 1456, of the International Longshoremen's Association, with headquarters at 164 Eleventh Avenue. A few of the steamship lines have organized their own civilian pier guards, but even these call on the agencies for help on rush occasions.

It is known that many of these watchmen are aliens or of alien origin, and no qualifications as to citizenship are required by the port watchmen's local. While admission to piers has been largely at the gatekeeper's discretion, some guidance was offered by the Coast Guard several weeks ago, and a series of cards

have been distributed to persons who may have business on piers for commercial or military purposes.

Up to last night more than 100,000 of these credentials had been distributed among workmen, businessmen, and the armed forces, and it is expected that about 400,000 of them will have been issued by March 1, when all persons desiring to enter piers about the city must have them. Around 2,500 were issued yesterday, and they will continue to be distributed at the rate of about 3,000 daily.

These cards are in four colors—white for citizens; green for aliens; pink for seamen and others remaining in port temporarily; and yellow for persons whose hands or fingers have been injured, preventing fingerprinting.

For the most part, these cards are available to any person who has been certified to the Coast Guard by his union or employer. Joseph A. Ryan, head of the International Longshoremen's Association, said that while the union is confident of the loyalty of the great bulk of the rank and file of the 35,000 longshoremen in this port, the responsibility for checking character, citizenship, and other qualifications is entirely up to the employers.

Mr. Ryan admitted that a large number of the union men were aliens and probably citizens of Germany and Italy, although he would not venture a guess as to the percentage. In some other quarters it was said that probably 30 to 40 percent were not American citizens.

The agencies handling the watchmen, in addition to the Oceanic Service Corporation, are the McRoberts Protective Agency, Inc., 15 Moore Street; the Charles Van Hoesen Watching Service, an affiliate of the McRoberts organization, also of 15 Moore Street; Van Hoesen & Bro., headed by Fred Lohman, Jr., 24 Stone Street; Vachris Detective Agency, 3909 Third Avenue, Brooklyn, headed by Anthony Vachris, a former police lieutenant; the Allied Maritime Protective Service Co., Inc., of 2 Rector Street, headed by Roderick J. Campbell and William McIlwraith; Mealli's Detective Service, of 17 Battery Place, headed by Michael Mealli; and the Marine Detective Service, of 25 Broadway, headed by James Di Briensa, also a former policeman.

The Oceanic Service Corporation is headed by Jeremiah A. Sullivan, a former police official, who is president of the organization. William Drechsel, marine superintendent of Hapag-Lloyd, a combination of the Hamburg-American and North German Lloyd Lines, is vice president. Christian J. Beck, managing director of the Hamburg-American Line, is chairman of the Oceanic Service Corporation board of directors. The secretary is William B. Devoe, general counsel for the Hamburg-American Line, who is also listed as a director of the United American Lines, UFA Films, Inc., the big German film corporation, and the Domestic Fuel Corporation.

Sullivan is familiarly known along the waterfront as Cap and Jerry, and is noted for his good fellowship. His staff of watchmen numbered several hundred

before the outbreak of the present war, but the loss of overseas trade has reduced his staff considerably. His men, however, may be found from time to time on the piers of most of the lines in the port.

For a long time Sullivan's men have been watchers on the French Line piers, although the French Line also employed men of its own. At the time the Coast Guard placed members of its force on the *Normandie* in May 1941, Sullivan's men were employed to watch both the ship and parts of the French Line pier. A Sullivan man is still the gateman at the pier.

Sullivan also got work for his watchers with the British lines, such as the Cunard and Furness-Withy, when they were rushed. He had men on the Polish line piers and on the Chilean line docks. He also had watchmen on the Alcoa Line, most of whose ships, plying the southern seas in the shipment of aluminum ore, have been taken over by the American Government.

The McRoberts agency gets much of the private watching work of the British lines, all of which now operate under the British Ministry of Shipping. This agency's men also have been employed to watch the piers of the Panama Line, operated by the United States.

Much of the Grace Line's watchmen are privately employed and so are the United Fruit watchmen. They are not members of the I. L. A.

State authorities have for many years believed that the piers here should be under some form of official control, and ever since the passage of the amendment exempting these watchers from the licensing provisions of the detective law, efforts have been made to have them placed under licensing control.

Michael F. Walsh, secretary of state of New York, has for the last 2 years sponsored two separate bills—the Carl Pack bill of 1941 and the William Condon bill of this year—which would place pier guards, among others, under strict licensing. Mr. Walsh feels that in these times the community should take no risks on the character of the men employed in such vital positions on the city's water front.

Mr. Ryan, president of the I. L. A., however, feels that the comparatively meager salaries earned by these workers—around \$35 a week—would hardly enable them to meet the licensing charges of \$200 an individual for permission to do this work, and that it would be an unnecessary burden to require them to pay this substantial fee. Corporations employed in this business must pay a licensing fee of \$300.

It is clear that a thorough housecleaning is necessary if we want to keep our piers well guarded and prevent destruction and sabotage. To entrust the guardianship of our piers to aliens and their friends is inviting destruction and it seems that the public is entirely indifferent to this situation.

I cannot emphasize too strongly how many years ago, when my investigating committee first started to function, I took it upon myself to investigate conditions on our piers and conducted in-

quiries about all details of steamship inspection and the smuggling of propaganda on the German boats.

This brings me to a discussion of the men whose activities have again become the subject of public interest, Capt. William Drechsel and Christian Beck.

Capt. William Drechsel was a former U-boat captain in the last war and was also in charge of a mine sweeper in the North Sea during those days. During the German spy trials in October 1938 he admitted to Federal authorities that he handled the \$125,000, bail put up for various persons involved in the charges.

Captain Drechsel, a citizen of the United States, was subpoenaed in 1934 to testify before my congressional committee relative to his Nazi activities while an executive of the North German Lloyd Lines at Piers 84 and 86, North River. This man, loyal to Germany during the first World War, was in complete charge of all details relative to incoming and outgoing steamships of his line at the port of New York. He knew what propaganda was being brought in from Germany, by his own admission under oath. Seizures of propaganda material had been made by customs agents, notably the steamship *Estedes*, consisting of hundreds of pounds of literature, consisting of booklets, pamphlets, photographs, and magazines coming from the German propaganda ministry in Berlin and Erfurt. He also had knowledge of propaganda material contained in seamen's lockers, and had the right to seal these lockers if propaganda was discovered, but this he failed to do. He was also responsible for the counting of German seamen who deserted ship, and recommendations had been made to him for a more detailed check-up of men leaving the ships, and their return. He paid absolutely no attention to this.

In this particular period, 1933, 1934, 1935, and 1936, when the activities of the Nazi agents were predominant, Drechsel had charge of the public relations of his steamship company with hundreds of educational institutions in the vicinity of New York City. The purpose of this propaganda, or relations, were to lure teachers and their pupils, children, to come aboard the German liners in the New York harbor, whereupon, said pupils were given a liberal education as to "beautiful Germany," the efficiency of the German Government, and so forth, and were also shown about the ships. Congressional testimony showed that these pupils did respond to the bait, and bus fares and transportation was paid by the North German Lloyd Steamship Co.

Subsequently, thousands of Germans with technical knowledge were sent back to Germany, and it was Drechsel who had charge of this activity. He allowed them to go back, and their passage money was similarly paid, and all this was part and parcel of the Nazi scheme in the control of industry.

In the days of Spanknowbel, a Nazi agent, who came to the United States for the purpose of propaganda and espionage, and later, as in the case of Dr. Friebe, escaped while the F. B. I. was



searching for him, via the North German Lloyd steamer, we find that Captain Drechsel was responsible and had full knowledge of these activities. It is also important to note that Joachim Paffrath, then admitted head of the D. K. V. a subsidiary of the German-American Bund, swore out a criminal summons and complaint against seven Nazi Bund leaders, accusing them of attempting to kidnap him aboard a North German Lloyd liner, to be sent back to Germany for trial. He swore that Captain Drechsel was informed of this scheme, and that he was heartily in favor of lending effort in the kidnaping of Paffrath to be sent back to Nazi authorities. Paffrath subsequently escaped, and is now an American citizen living in Cleveland, Ohio.

Captain Drechsel's own testimony discloses that he was in complete charge of everything connected with this shipping line in New York harbor, and all activities were known to him. Nazi agents were smuggled in at random on these lines and in some instances even guns were smuggled into this country, while knives were brought in in other instances, together with other weapons.

Came the break with Germany, and we find Captain Drechsel and Mr. Beck, vice president now, taking an active part in a corporation known as the Oceanic Service Corporation, in New York City. This corporation was set up for the purpose of hiring guards for antisabotage purposes and the guarding of piers. Some responsible agency in the Government called upon this guard service as well as many others to supply men to guard the piers within the past 2 months. It would be interesting to follow up and note how many men were hired from the Oceanic Corporation and to establish their backgrounds. Is it a coincidence that we find that one Baron von Wrangle, a former America Firster, isolationist, and rampant street speaker, seeking and securing employment as a guard upon the steamship *Normandie*? It would also be interesting to note how many other such guards were secured from the Oceanic agency.

The German-American Bund formerly met frequently on board liners in New York Harbor. In the official year book of the German-American Bund, 1937, the bund was urged on July 10 to visit the U-boat *Deutschland*, then in Baltimore Harbor. On September 10, 1937, on Friday, the bund, then known as Friends of New Germany, met on board the *Resolute*. Previous to this time, in the summer of 1936, Captain Drechsel arranged the passage of between 300 and 400 bunders and their families on board the German liner *New York* to go to Berlin, participate in the Olympics, and they subsequently paraded in the streets of Berlin before Adolf Hitler and Marshal Goering.

Christian J. Beck, formerly managing director of the Hamburg-American Line, is chairman of the Oceanic Service Corporation board of directors. The secretary is William B. Devoe, general counsel for the Hamburg-American Line, who is also listed as a director of the United

American Lines; UFA Films, Inc., the large German film corporation; and the Domestic Fuel Corporation.

It is people of this type who are left in control of our invaluable shipping and who have it in their hands to engage in all acts of espionage and sabotage.

Mr. Speaker, in view of the time, I yield back the balance of my time.

#### EXTENSION OF REMARKS

Mr. HILL of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article from the order of three additional giant generators at Coulee Dam.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HILL of Washington. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. HILL of Washington. Mr. Speaker, on Monday, February 23, I introduced H. R. 6649 which authorizes the President to designate and appoint Gen. Douglas MacArthur as supreme war commander. At this point I include said bill:

H. R. 6649

A bill to establish the Office of the Supreme War Command, and for other purposes

*Be it enacted, etc.,* That the President of the United States, as Commander in Chief of the Army and Navy, is, in his discretion, authorized to create the Office of the Supreme War Command and to designate and appoint Gen. Douglas MacArthur, United States Army, the Supreme War Commander and such other staff war command officers as he may desire.

That the offices of the War and Navy Departments, the Air Corps, and other armed forces, will operate under the direction of the Supreme War Command as the Army, Navy, and air war commands, respectively.

My reason for introducing this bill is threefold:

First, General MacArthur is well qualified for such a position by birth, by training, and especially by the splendid and heroic defense he has made in the Philippines for the past 3 months. It overshadows even the gallant and courageous defense of Fort Sumter in the early days of the Civil War.

Second, General MacArthur has deservedly become a popular hero and the people of these United States without exception would approve of such a selection and give united, unstinted, and unswerving support to such a military leader.

Third, Our Commander in Chief, President Roosevelt, asserted in his international broadcast night before last that it would be a long time before we could send reinforcements to the Philippines. Hence, all that can be done there for the present is to hold the two impregnable forts which guard the entrance to Manila Bay. This can be done

under the leadership of some other general now there. That General MacArthur is needed here at home has been voiced by many, including such outstanding men as Wendell Willkie and Sergeant York. I sincerely trust that the Congress will enact this legislation and that our President will see fit to act in accordance therewith. They will thereby do a splendid thing and unite all forces for the winning of an early and complete victory over the Axis.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mr. Hook, for 3 days, on account of official business.

To Mr. THOMAS of Texas, for 3 days, on account of important official business.

#### ENROLLED BILL SIGNED

Mr. KIRWAN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 6470. An act to extend the time within which the amount of any national marketing quota for tobacco, proclaimed under section 312 (a) of the Agricultural Adjustment Act of 1938, may be increased.

#### BILL PRESENTED TO THE PRESIDENT

Mr. KIRWAN, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 6470. An act to extend the time within which the amount of any national marketing quota for tobacco, proclaimed under section 312 (a) of the Agricultural Adjustment Act of 1938, may be increased.

#### ADJOURNMENT

Mr. LANE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 23 minutes p. m.) the House adjourned until tomorrow, Thursday, February 26, 1942, at 12 o'clock noon.

#### COMMITTEE HEARINGS

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

POSTPONEMENT OF HEARING ON H. R. 6503

This will advise you that the hearings previously scheduled for Tuesday, February 17, 1942, at 10 a. m., have been postponed until Thursday, February 26, 1942, at 10 a. m., on the following bill, H. R. 6503, to extend and amend certain emergency laws relating to the merchant marine, and for other purposes.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1436. A communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1943, in the form of an amendment to the Budget for said fiscal year for the legislative establishment, Government Printing Office, involving an increase of \$1,075,000 in such estimates (H. Doc. No. 637); to the Commit-

tee on Appropriations and ordered to be printed.

1437. A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of \$64,214, for the fiscal year ending June 30, 1942, for the War Department for the maintenance and operation of the United States Soldiers' Home (H. Doc. No. 638); to the Committee on Appropriations and ordered to be printed.

1438. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of the Interior for the fiscal year, 1943, amounting to \$155,525, in the form of amendments to the Budget for said fiscal year (H. Doc. No. 639); to the Committee on Appropriations and ordered to be printed.

1439. A letter from the Secretary of War, transmitting a letter from the Chief of Ordnance, United States Army, dated February 20, 1942, forwarding statements of the cost of manufacture at the armory and arsenals named therein, for the fiscal year ended June 30, 1941; to the Committee on Expenditures in the Executive Departments.

1440. A letter from the Secretary of the Interior, transmitting a statement of the fiscal affairs of all Indian tribes for whose benefit expenditures from public or tribal funds were made during the fiscal year ended June 30, 1941; to the Committee on Indian Affairs.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XXII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 726. A bill for the relief of Anna Malama Mark; with amendment (Rept. No. 1825). Referred to the Committee of the Whole House.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 1826. A bill for the relief of Mary Alexina McKinnon; with amendment (Rept. No. 1826). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COSTELLO:

H. R. 6668. A bill to establish as a part of the Reserve component of the Regular Army a Home Defense Organized Reserve for local home defense; to the Committee on Military Affairs.

By Mr. KEOGH:

H. R. 6669. A bill to prohibit the registration of trade-marks containing the words "White House"; to the Committee on Patents.

By Mr. KING:

H. R. 6670. A bill to provide for an irrigation and water-utilization project on the island of Molokai, T. H.; to the Committee on Irrigation and Reclamation.

By Mr. ROBINSON of Utah:

H. R. 6671. A bill to authorize the Secretary of the Interior to acquire lands or interest in lands for the Geological Survey; to the Committee on the Public Lands.

By Mr. COLLINS:

H. R. 6672. A bill providing the cost of laundry and cleaning to soldiers, sailors, and marines in the armed forces; to the Committee on Military Affairs.

By Mr. HARRIS of Virginia:

H. R. 6673. A bill to permit the payment of compensation for overtime of certain immigration inspectors required to work overtime in the performance of duties under the Alien Registration Act; to the Committee on Immigration and Naturalization.

By Mr. COFFEE of Washington:

H. Res. 446. Resolution requesting certain information from the Secretary of State; to the Committee on Foreign Affairs.

By Mr. VINSON of Georgia:

H. Res. 447. Resolution for consideration of S. 2249, a bill authorizing appropriations for the United States Navy, additional ordnance manufacturing and production facilities, and for other purposes; to the Committee on Rules.

By Mr. STEFAN:

H. Res. 448. Resolution authorizing the printing of the proceedings in the House of Representatives on December 19, 1941, commemorating the service of William Tyler Page; to the Committee on Printing.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COFFEE of Washington:

H. R. 6674. A bill for the relief of Jennie Walker; to the Committee on Claims.

By Mr. JENKINS of Ohio:

H. R. 6675. A bill for the relief of Renzie Graham; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 6676. A bill for the relief of F. A. Holmes, former United States disbursing clerk for the State of Illinois; to the Committee on Claims.

By Mr. TINKHAM:

H. R. 6677. A bill for the relief of Ronald Leroy Chen; to the Committee on Immigration and Naturalization.

By Mr. WHELCHER:

H. R. 6678. A bill for the relief of Mrs. Claud Tuck; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2487. By Mr. GRAHAM: Petition of the Women's Missionary Society of the Highland United Presbyterian Church of New Castle, Lawrence County, Pa., protesting against not only the sale of beer in our Army camps, but the sale of hard liquors, and the establishing of houses of prostitution and ill fame in and about the vicinity of all Army camps of our Nation; to the Committee on Military Affairs.

2488. By Mr. KEOGH: Petition of the State of New York joint legislative committee on interstate cooperation, Assembly Chamber, Albany, N. Y., favoring the passage of House bill 6020; to the Committee on the Merchant Marine and Fisheries.

2489. By Mr. KRAMER: Petition of the Board of Supervisors of the County of Los Angeles, Calif., recommending the proposed extension of social-security taxation to cover those not now included by the Social Security Act; to the Committee on Ways and Means.

2490. By Mr. MERRITT: Resolution of the American Bureau of Chiropractic, Inc., Auxiliary No. 17, urging that the President of the United States take cognizance of the situation and take appropriate steps for the permanent creation of a place in the Health Service for chiropractic, either as a part of the present set-up of the Medical Corps or that a separate and distinct chiropractic corps be created to be confined strictly to the administration of chiropractic to soldiers who are in need of that particular type of health service; to the Committee on Military Affairs.

2491. By Mr. ROLPH: Resolution of the State of California Assembly, Joint Resolution No. 22, relative to memorializing the Federal Government to protect the acquired retirement rights of State employees brought into the Federal service by reason of the transfer to the Federal Government of the employment functions of the department of employment; to the Committee on Ways and Means.

## SENATE

THURSDAY, FEBRUARY 26, 1942

(Legislative day of Friday, February 13, 1942)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Reverend Charles W. F. Smith, canon, Washington Cathedral, Washington, D. C., offered the following prayer:

Almighty God, who dost measure the waters in the hollow of Thy hand, who weighest the mountains in a balance, and to whom the nations are as the drop of a bucket: Thou rememberest our frame; Thou knowest that we are but dust. Have mercy upon us, for Thou art our Father. Before Thee we stand as children seeking Thy guidance, Thy provision, Thy love. In our darkness, light Thou our way. In our confusion, clear Thou our path. In our fear, take our hands in Thine. Send Thy gracious Spirit into our midst that we may be calm before every phantom of terror and bold to dispel every threat of force. Do Thou go with us and show us the way we should walk in, for Thou art our God for ever and ever; Thou shalt be our guide unto death. Amen.

#### THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, February 25, 1942, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5945) granting the consent of Congress to a compact entered into by the States of Colorado, Kansas, and Nebraska with respect to the use of the waters of the Republican River Basin; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITE, Mr. ROBINSON of Utah, Mr. MURDOCK, Mr. SHORT, and Mr. WINTER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 6531) to suspend the effectiveness during the existing national emergency of tariff duties on scrap iron, scrap steel, and non-ferrous-metal scrap, in which it requested the concurrence of the Senate.

#### ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 5880) to abolish certain fees charged by clerks of the district courts; and to exempt defendants in condemnation proceedings from the payment of filing fees in certain instances, and it was signed by the Vice President.